
GOVERNORS'
CONFERENCE
PROCEEDINGS

1934

JULY 26-27, 1934
MACKINAC ISLAND
MICHIGAN

353.9 G72 1934

Kansas City
Public Library



This Volume is for
REFERENCE USE ONLY

11-34-6m-P

PROCEEDINGS
OF THE
GOVERNORS'
CONFERENCE

Twenty-sixth
Annual Session



HELD AT
MACKINAC ISLAND
MICHIGAN

JULY 26-28, 1934

Printed in the United States of America by
The Suwannee Democrat
Live Oak, Florida

ORGANIZATION

EXECUTIVE COMMITTEE

Governor Paul V. McNutt, Chairman, Indiana

Governor Henry Horner, Illinois

Governor Sennett Conner, Mississippi

Governor Alf M. Landon, Kansas

Governor John G. Winant, New Hampshire

TREASURER

Governor Stanley C. Wilson, Montpelier, Vermont

SECRETARY

Former Governor Cary A. Hardee, Washington, D. C.

GOVERNORS' CONFERENCE

ARTICLES OF ORGANIZATION

ARTICLE I

The style of this organization shall be the "Governors' Conference."

ARTICLE II

Active membership in the Governors' Conference shall be restricted to the Governors of the several States and Territories of the United States, the term "Governors" to include Governors-Elect. Ex-Governors shall be received as honorary members and, as such, shall be entitled to all the rights and privileges of active membership except the right of voting.

ARTICLE III

The functions of the Governors' Conference shall be to meet yearly for an exchange of views and experiences on subjects of general importance to the people of the several States, the promotion of greater uniformity in State legislation and the attainment of greater efficiency in State administration.

ARTICLE IV

The Conference shall meet annually at a time and place selected by the members of the Executive Committee.

ARTICLE V

The Conference shall have no permanent President. A Governor shall be selected by the Executive Committee at the close of each half day's session to preside at the succeeding meeting.

ARTICLE VI

There shall be no permanent rules for the Government of the Conference in discussion or debate, but the procedure at any session shall be subject to the pleasure of the Governors present.

ARTICLE VII

The proceedings of the Conference shall be fully reported and published.

ARTICLE VIII

The affairs of the Conference shall be managed by an Executive Committee composed of five members to be chosen by the Con-

ARTICLES OF ORGANIZATION

ference at the regular annual meeting. They shall hold office until the close of the succeeding regular annual meeting and until their successors are chosen. Vacancies in the Executive Committee may be filled by the remaining members thereof.

ARTICLE IX

A Secretary and a Treasurer shall be elected by the Conference at each annual meeting.

The Secretary shall attend all meetings of the Conference, keep a correct record thereof, safely keep an account for all documents, papers and other property of the Conference which shall come into his hands, and shall perform all other duties usually appertaining to his office or which may be required by the Executive Committee. He shall be paid an annual salary of not to exceed twenty five hundred dollars and shall be reimbursed his actual and necessary expenses incurred while traveling on the business of the Conference.

The Secretary shall annually prepare and submit to the Conference a budget of the expenses for the ensuing year. He shall make all necessary arrangements for a program for the regular annual meeting and shall edit the stenographic reports of the proceedings at all meetings. He shall, also, so far as possible, cooperate and keep in touch with organizations, societies and other agencies designed to promote uniformity of Legislation.

ARTICLE X

The Treasurer shall have the custody of the funds of the Conference, subject to the rules of the Executive Committee. He shall deposit funds of the Conference in its name, shall annually report all receipts, disbursements and balances on hand and shall furnish a bond with sufficient sureties conditioned for the faithful performance of his duties.

ARTICLE XI

Persons not members of the Conference shall not be heard until the regular order of business for the day has been concluded, and then only by unanimous consent. All programs for social entertainment must be approved in advance by the Executive Committee.

ARTICLE XII

These articles or any of them may be altered, amended, added to or repealed at any time by a majority vote of all Governors present and voting at any regular annual meeting of the Conference.

TABLE OF CONTENTS

THURSDAY AFTERNOON SESSION

July 26, 1934

	Page
Invocation by Dr. H. B. Johnson.....	1
Address of Welcome by Hon. W. A. Comstock....	1
Response by Hon. Stanley C. Wilson.....	3
Address, "Criminal Laws and Their Enforcement," by Mr. Joseph B. Keenan.....	5
Remarks by Mr. Burdette Lewis.....	20
Address, "Federal and State Cooperation, Control and Sale of Alcoholic Liquors," by Mr. J. H. Choate, Jr.	24
Discussion, led by Hon. Henry Horner.....	31
Remarks, Mr. Frank Picard.....	38

FRIDAY MORNING SESSION

July 27, 1934

Address, "State Coordination with Federal Govern- ment In Recovery Program," Hon. Paul V. McNutt	47
Discussion, led by Hon. Joseph B. Ely.....	53
Address, "Taxation," by Hon. I. C. Blackwood....	62

FRIDAY AFTERNOON SESSION

July 27, 1934

Address, "Federal Emergency Relief," by Mr. Aubrey Williams	69
Executive Session	103
Resolutions Committee Report.....	104
Executive Committee Meeting.....	109
Treasurer's Report	110
Social Entertainment	113

REPORT OF PROCEEDINGS
Twenty-Sixth Annual
Conference of Governors

Mackinac Island, Michigan

Thursday, July 26th, at 2:30 P. M.

Governor Paul V. McNutt, of Indiana, Presiding.

GOVERNOR McNUTT: Members of the Conference, please come to order. Due to the untimely death of Governor James Rolfe, of California, the Chairman of the Executive Committee of the Governor's Conference, it becomes my duty to preside at this session. We will have the invocation by Dr. H. B. Johnson, of the Congregational Church.

REVEREND JOHNSON: Almighty Father, we thank thee for the Nation that is founded upon the principles of righteousness and equality, and we thank thee for thy leadership. May we continue to follow with thee for the great leaders thou hast given unto us; we pray at this time that our leaders, national and state, may be lead by thy spirit. Bless this Conference of Governors, may there come out of this conference a doctrine that shall make for more lasting peace, and shall make for righteousness, in His Name we ask it. Amen.

GOVERNOR McNUTT: It is my pleasure to present to the Conference, our host and friend, the Honorable William A. Comstock, Governor of Michigan. (Applause)

GOVERNOR COMSTOCK: Governor McNutt, the Governors present, and Ladies and Gentlemen: Due to several untoward circumstances, the full quota of membership in this Conference is not present at this afternoon session. We find it is utterly impossible to control the comings of the Governors to a meeting of this character. There are so many avenues of transportation that some of them have changed their minds and will be in later. Therefore I am going to reserve a part of the pleasant duty

that I have this afternoon, that of welcoming to Michigan and to this Conference, the Governors from the other States in the Nation, a part of it until the rest of the Governors get here.

I don't have to tell the Governors here present, nor the audience, the history or the back ground of this wonderful island on which we are meeting. I think you are all familiar with it. We have just been all through a series of celebrations in Northern Michigan and over in Northern Wisconsin commemorating the 300 anniversary of the coming of the first white man to this country, John Nicolay. Any country, any part of this country that can go back in its history three hundred years, naturally has a splendid historical background, and I hope that while the governors are here, they will take time to look over the historical museum which has been started and is housed in the old fort of this, of the state proper. For many years the Federal Government used this as an army base, and that several years ago, in line with their policy of concentrating their standing army, they gave this up and turned it over to the State. This island now is one of the ten state barracks of the State of Michigan. We have been endeavoring to restore it to the same condition that it was in while the Federal Government had charge of it, and in addition we are adding historical features, among which is this historical museum. It is well worth going to see, even though it is not as complete as we expect it to be, after a period of years, when we have had more time to add to it and collect the relics that abound in this part of the country.

I realize that the attendance at this Conference will probably be somewhat restricted because of several peculiar circumstances to this year. Of course this is a political year and many of the Governors in the States of the Union are either in the midst of a primary or in the midst of an election contest, and some of them could not come for that reason. Others of the governors are unfortunately detained at home like Governor Olson of Minnesota through reasons over which he has no control, strike conditions which demand his presence. Others of the governors have been unable to attend because of conditions arising in their various states on account of the drought. We are sorry for those conditions that make it impossible for those men to be with us.

I am quite satisfied that from the discussion of the various topics arranged for in the program of the three sessions of this conference, that there is going to come a better understanding of the problems which we are all

facing not only in the states here represented but in all the other states of the Union. Problems of liquor control, problems of taxation, problems of relief, and the important problem of crime conditions are to be discussed here by men who are familiar with them in their various phases. Personally as one of the new-comers to the ranks of the governors I expect and am looking forward with anticipation to learning a lot from these three sessions which we are going to hold here in this room. I feel that the more we can discuss some of these questions which are nation wide in scope, the more we can come to a common understanding of them and the more chance we have of studying the right solution. After all we Governors who have been in office in the last trying year and a half or two years have had many of these problems in an exaggerated form. I am sure all of them have tried to do as I have tried to do as Governor of Michigan with the problems as they come up, to take the best advice possible on them and then go do something about them. In addition to talking about them we must solve them for the good of the people of our respective states of the United States of America. For the governors of these various states who are here present we have tried in addition to the work we are to do here, the conferences we are to have, we have tried to make up a program which will in the interval give you a good time. I think we are going to do it. That remains to be seen, however. It is a great pleasure to me to welcome you here to this northland of the State of Michigan. It is one of the pleasant duties that I have had as Governor. It is not often that a state is honored by holding a Governors' Conference. In 1927 we had that honor in Michigan and again now in 1934. I am very much pleased that the executive committee of this Conference saw fit to place the conference here on Mackinac Island this year. I hope that we all may profit by our conference here and again I welcome you and I am sure you will find the same welcome of all the citizens of Michigan who are gathered together here in your honor, the same welcome that I am giving you this afternoon. Thank you.

GOVERNOR McNUTT: Thank you, Governor Comstock. The response to this cordial welcome will be given by the Honorable Stanley C. Wilson, Governor of Vermont. Governor Wilson.

GOVERNOR WILSON: Mr. Chairman and Governor Comstock: We who are visiting Michigan for this Governors' Conference deeply appreciate the warm welcome

extended to us in behalf of the people of your great state by yourself. Michigan is a wonderful state, she is great in area, great in population, great in commerce and most of us appreciate Michigan's best breakfast food. (Laughter). Use Michigan furniture and expect to ride from the cradle to the grave in vehicles made in Michigan. (Laughter). The rest of the world provides parking space for automobiles made out here. (Laughter).

We meet for this Conference after a period of time that has been full of trouble. No man in the office of governor during these last few years has had easy times. Most of us were so buried in the problems immediately pressing in our respective states last year that we were unable to attend the Conference. Some are absent today as has been noticed, for the same reason. None are absent because they had doubts as to the fine hospitality of the great State of Michigan or the attractions of this beautiful island where this Conference is being held. We governors do not expect to solve the problems we discuss. We do expect by interchange of opinions as executives and not as partisan politicians, to help each other in the handling of multitudinous questions that arise to trouble us. I believe it can be truthfully said that more problems, more varied problems of serious nature have confronted governors in the past four years than any similar period in the history of this country. Depressions, bank failures, strikes, riots, liquor control, shrinkage of revenues, increased expenditures, are a few only on the list. How shall we exercise our prerogatives as governors in co-operation with federal authorities? Shall we resist the encroachment of Federal Government in the realms heretofore left to the state even though the encroachment comes to us baited with golden bait, or shall we submit to the domination in order that our people may have their fair share of the funds that are being distributed? Shall we as governors seek to encourage policies that mean immediate temporary gain to our states to place them in a position of dependency when it is inevitable that the federal distributions must end soon, or shall we shape our course to stand on our own feet as states at the earliest possible moment? Care for our own people, pay our own bills, and retain our self-respect and our independence. Our state here in this beautiful spot is bound to help us in the answer to these questions. We thank you, Governor Comstock, for your invitation and your welcome; whether we come from the sunny land of cotton or the grain fields of the west or from rugged New England, we come as friends, on a friendly mission, which should

cement our people closer and be for our and their mutual benefit. Thank you. (Applause).

GOVERNOR McNUTT: Thank you, Governor Wilson. Among the pressing problems confronting state executives is that of law enforcement. Crime is and has been and will continue to be a problem. It does admit of solution. We have invited to this Conference a gentleman of wide experience to discuss our criminal laws and their enforcement. I have the honor to present to you the Honorable Joseph B. Keenan, Assistant Attorney General of the United States. (Applause).

MR. KEENAN: Your Excellency, Governor McNutt, as well as the Governors of the states of the Union and ladies and gentlemen: It is indeed a very great privilege to address a Conference of Governors of the States of our Union. Representing the Department of Justice of the United States Government, I do so with considerable timidity—realizing that you are chosen from a group of able and experienced men—that the citizens of your States have selected you, each one from many, to perform the important duty of directing the Government which protects their lives and liberty and in so many ways effects their well being.

By the very nature of things these duties have always imposed most serious obligations and responsibilities upon the first executives of our States. However this is especially true in these trying times with the people of our Country enmeshed in the intricate machinery of our involved modern social relationship, looking hopefully, trustingly and I am sure confidently to their leaders for help in solving the many vital and difficult problems of life with which they are now so severely confronted. Never in our history was governmental leadership of such vital importance. Naturally the direct protection of life and property from vicious attacks is of paramount interest to our citizens.

This is an opportune time to discuss with the Governors of our States, the subject of protection of the American people from crimes of violence.

In approaching this discussion, it is well to bear in mind the structure of our government. Ours is a confederation of 48 states, each in most respects an independent sovereignty. When the founders of our Republic established this form of government after numerous debates and most careful consideration, it was provided that each and every state would have reserved

unto itself all powers not specifically delegated to the Federal government. This of course is equally true with reference to the power and duty of suppressing crime. With reference to the maintenance of law and order, the chief business of the Federal government had to do with protection from invasions from foreign countries. To the Federal government was delegated the sole power of declaring war and sustaining the necessary armies for national protection against invasion. Having the sole right to issue currency, the Federal government was charged with the duty of suppressing counterfeiting. Having the obligation of preserving our country from unlawful overthrow within its borders, to it was delegated the power of suppressing treason. Having the sole right to establish and maintain throughout our nation a postal system, to the Federal government was delegated the right and duty of suppressing crimes perpetrated through the use of the mails. Naturally the Federal government was given the right to protect its ownership of Federal property.

In a general sense otherwise, the matter of maintaining law and order internally remained the duty and obligation of each of the sovereign states. Thus viewing the form and structure of the government of the United States, it is obvious that those who founded our country never intended that general crime suppression should be the duty and obligation of this central agency, referred to as the Federal government.

Time has wrought many changes in our country from the date of its foundation, but the Constitution remains intact, respected and observed as the fundamental law of our land. Any attempt on the part of the Federal government to enter the field of general crime suppression, would be distinctly against both the letter and spirit of our Constitution. As long as our government remains in its present form, as long as it consists of 48 sovereign states, as long as our Constitution remains supreme, no serious thought can profitably be directed towards the creation of any system of law enforcement which would center authority in any one focal point in our nation and extend its powers generally throughout the various states of our Union. The power of government remains with the people. The rights of the citizens are definitely prescribed by law. Any attempt, directly or by subterfuge, to ignore these fundamental principles could be expected to end in nothing but dismal failure.

However, there is a wide spread belief that the citizens of the United States and of the states of our Union, have not been adequately protected from crimes of vio-

lence. It would be hazardous to estimate the cost of such crimes in terms of dollars and cents. Various estimates have been ventured but by the very nature of things they remain only rough guesses. However there have been compiled accurate figures with reference to the homicide rate. In 130 representative American cities during 1932, the homicide rate, as compiled, consisted of 10 persons to each 100,000. For the same period of time, the homicide rate in England, Scotland and Wales amounted to one person for each 200,000. This would seem indeed a shocking contrast. No accurate figures are available for similar comparison between the two countries of the number of felonious assaults per capita, but it does not seem unreasonable to believe that the same shocking ratio would exist therein as well. Making all due allowances for the different problems confronting the nations compared in this respect, including the homogeneity of race, it is obvious that crimes of violence are too numerous in our country. Whether or not we are, as has frequently been claimed, the most lawless among the civilized nations, there is not alone room for improvement but a public demand that those engaged in such crimes be vigorously prosecuted and brought to justice.

It would seem that there is much in the public attitude towards crime and criminals in general that needs extensive overhauling. It is significant that in England the officers of law patrol their territories and perform their duties without the use of fire arms. I was interested recently to read in the newspapers of an attack upon a British patrolman in the course of which this officer was painfully but not seriously injured as a result of a bullet wound. Not alone was there an uprising upon the part of the Police, but of the countryside in general to speedily bring the culprit into custody and to justice. So seriously was the offense regarded by the culprit himself that when cornered he ended his own life by turning the same gun upon himself.

Not long ago, a current movietone news review exhibited some incidents in the life of Dillinger while he was a fugitive from justice. This review in no manner emphasized the vicious traits in this notorious criminal's character. Quite on the contrary, the picture was cast on the screen of an elderly lady into whose home he had entered ostensibly for the purpose of stealing an automobile to make good his escape. He is alleged to have assured the old lady that no harm would have come to her and to have addressed her as "mother." Some

similar incidents were likewise shown on the screen in this review. A representative of the Department was sent to the theatre for the purpose of observing the effect of this picture upon the audience. In some instances it had been reported that the audience had applauded. The particular audience in question however, was not noted to have so applauded, but two young ladies sitting beside the observer were heard to remark "He doesn't seem to be such a bad fellow. Apparently he only shoots police officers."

From the days of Wild West and the escapades of the notorious James Brothers to the modern fictitious character of Jimmy Valentine the public in general has seemed to engender an interest in their escapades, much the same as they enjoy reading a detective story. It is to be hoped that the grim side, the reality of such situations will be most providentially understood by the public in general and that in due time they will appear in their true loathsome character.

I have had occasion at the trial table and otherwise for periods of time to observe these notorious gunmen. I have been apprised of the manner in which many of them have been captured and of their life in prison after they have been duly tried and convicted. In no instance have I observed any of these romantic characteristics with which unfortunately they have been cloaked in the public eye. Particularly has my observation caused me to believe that nature and society has been far from unkind to them. For the most part they have been endowed by nature with strong physiques and in a sense alert minds. They have deliberately chosen lives of crime with a desire to avoid the necessity of earning their bread by the sweat of their brow. In almost all instances where they have had a 50% chance for liberty they have elected to throw up their hands and surrender. Their bravery for the most part has consisted in unhesitating attacks while fully armed upon unarmed and unsuspecting victims.

This serious situation calls for intensive study and prompt action. The Federal government is attempting to do its part in lending its aid, within proper Constitutional limits, to remedy this condition. However, the Federal government, as such, has no general police powers. It can lend its aid only through its authority to regulate interstate commerce, to protect its own property, and in an indirect way perhaps, through its power to levy certain taxes.

During the last session of Congress, the Attorney General of the United States advocated the passage of certain Federal criminal statutes, with such intention of so lending Federal aid in the effort to protect society from crimes of violence. However, all of these statutes were carefully drawn, mindful of the strict limitations of Federal powers. Furthermore, at no time was it intended to ignore the main fact that duty of protecting our citizens from such crimes, rests upon the authorities of the 48 sovereign states.

In framing these new laws, it seemed logical to exercise the authority reposed in the Federal government to regulate interstate commerce, to enact Federal criminal statutes aimed at the criminal engaged in acts of violence who for many years has taken advantage of the great improvements in transportation by automobile and the creation of a network of fine highways passing through all states of our Union. Those criminals realize that if they were able to flee a great distance from the scene of their crimes in a short period of time, they would have several advantages in attempting to defeat the law. First, they would come into a new community where they were unknown and unsought for. Secondly, when they left the state wherein they had committed a crime, the law enforcement agencies of such state had no authority as officers of the law, in the neighboring state. If such criminals were successful in fleeing a great distance, their chances of capture became more remote. That they had been successful for many years in this practice is no reflection upon the law enforcement agencies of the various states. Bulletins containing descriptions of these criminals were periodically sent out to the various communities of the United States and the police of the various cities of our country made honest efforts to apprehend criminals, even though they had been guilty of no unlawful acts in their own communities. However, it does seem that this somewhat haphazard method of keeping track of such criminals has not been entirely adequate to meet the necessities of the occasion. For such reason a law was enacted during the last session of Congress wherein it was made a Federal offense for one who had committed a crime of violence such as homicide, highway robbery, kidnaping and the like, to engage in interstate commerce for the purpose of escaping prosecution and this law likewise applies to any witness to such a crime, who engages in interstate commerce for the purpose of evading the giving of testimony in the trial of any such case. It was realized that this was a drastic step, but all those who had to do with the pro-

posal and the enactment of such law had clearly in mind that this measure could only serve as an auxiliary step in the apprehension and prosecution of such criminals. No hope existed that the Federal government itself could cope with such crimes if the matter of their suppression were referred to it by the various states of our Union. Quite on the contrary it was intended that this power should be invoked only to assist the law enforcement agencies of the various states of our Union in attempting to protect their citizens from such crimes of violence.

In like manner a Federal penal law was passed for the suppression of shipment of stolen property of the value of \$5,000 or more in interstate commerce. A Federal criminal law has been enacted providing Federal jurisdiction over those who rob national banks or banks which are members of the Federal Reserve System.

Drastic as these measures may seem, projecting the Federal government into new fields attacking this great problem, no intention existed of depriving the very states of our Union of their criminal jurisdiction over such crimes and certainly no invitation was extended to the authorities of the sovereign states to refer such criminal problems generally, to the Federal government. The same thought supported this legislation, namely, that many a criminal committed such crimes of violence and using the modern method of locomotion, the high-powered reasonably priced automobile, traveling over the great modern highways of our nation, after spending his nights in many tourist camps dotting such highways, having been able to escape local police observation. It is the intention of such legislation to lend some Federal aid to the local authorities in preventing these gangsters from remaining unmolested by reason of flights of great distance and reaching obscure places where their presence remains unknown.

In the employment of this legislation in an attempt to assist in suppressing this type of crime, headway can only be made by the closest type of cordial understanding and co-operation between the Federal authorities, limited as they must be in number, the State Highway Police or constabulary, the Sheriffs of counties, the large police forces of the various cities and the constables of the many villages. Every effort should be made to engender such co-operation. Indeed it should be considered as a patriotic duty. Surely in attacking these vicious criminals it is not too much to hope that a united army of such law enforcement agencies will harmoniously co-operate in the performance of this grave duty. There is

no room for friction or jealousy or conflict of jurisdiction. In every instance where practical, the criminal should be turned over to the state authorities of the jurisdiction where the crime of violence has been committed. At all times it is to be recognized that the real purpose is the protection of the citizens of the various states of the Union. For the success of this movement, much will depend upon the amount of harmony, lack of friction and the common accord and understanding engendered in the performance of such duty.

Perhaps this situation can be best clarified by announcing that as far as the Federal government is concerned, especially in view of this new experiment in directing its efforts to assist in the apprehension of this roving criminal, it should be definitely understood that the Federal authorities consider themselves only as an auxiliary force, attempting to assist the State authorities. For however successful they might be in an instance here and there, it must be recognized that the Federal authorities can only scratch the surface in attempting to solve this great problem of providing adequate and much needed protection to the public.

This places the responsibility of crime suppression squarely upon the shoulders of the authorities of the several sovereign states and the law enforcement agencies of their subdivisions. It would be totally illogical and unreasonable to leave the problem of general law enforcement to the Federal government. If there is a breakdown of such enforcement of law in our country and if there be inadequate protection to our citizens from such crimes of violence, the responsibility, because of the very structure of our government, must remain with those charged with law enforcement in the sovereign states of our Union.

During the performance of this work at Washington, many observations and complaints have been received from various parts of our country. Suggestions have been made and efforts exerted to project the Federal government far beyond the confines of Federal jurisdiction above outlined. All such suggestions and attempts have been ignored. It is, however, of importance to note the general dissatisfaction existing throughout our country with the matter of crime suppression, and with great respect, it is believed that such complaints and suggestions are properly referable to the Governors of the several states of our Union. In many of such states, the chief executive is authorized by law to remove law enforcement officials who are derelict in the perform-

ance of their duties. However, whatever the technical powers of the Governors may be, certain it is that the great prestige of their office gives them great power of leadership, which if exercised fully, can be of vital assistance in strengthening the enforcement of law within their jurisdiction. In many communities, organizations and societies have been formed for the purpose of lending assistance in providing this protection to the public. Basically all of these obligations are purely governmental ones and in the leadership of this work no one has more formidable power, and with great respect, a more solemn duty of leadership than the Governors of the sovereign states of our Union.

So it is respectfully suggested, even considering the many other responsibilities which you have in the performance of the duties of a great office, there is none more important and none more deserving of your direct personal attention than to study and act to bring about relief to the citizens of the various states from the abundance of crimes of violence, which have brought unfavorable reflection upon our Nation.

Several movements for co-operative effort have sprung up in parts of our country. The International Police Chiefs Association is a splendid example. This is a voluntary organization, consisting of the police chiefs of many cities of the United States and Canada. As far as I have been able to learn this organization has no official support but is maintained by the voluntary contributions of the members thereof. They meet once a year in convention, and exchange views and problems. They assembled data on identification of criminals and made valuable contribution to the Division of Investigation of the Department of Justice. From personal contact with its members I bespeak your good offices in aiding them.

Similar organizations have been formed in New York state, specifically in Erie County. There the State Court Judges, Federal Judges, State and Federal Prosecutors, Sheriffs, Constables and Police Heads meet twice each month to bring about better co-operation. These movements are deserving of governmental help and guidance. A notable example of a courageous attempt on ultra-state co-ordination of police was that plan suggested by the present Governor of Massachusetts. Although it was not adopted by the Legislature it had many commendable points and it might well be studied throughout this country. Undoubtedly time will bring about improvements in this direction—although many obstacles of al-

leged infringement upon local prerogatives will be encountered.

Congress has recently enacted into law, in accordance with the powers provided in the Constitution, a bill enabling the various states to enter into compacts one with the other, for the better administration of justice in the suppression of crime. Surely the possibilities of effecting sound and permanent relief among the various states, through such compacts, is well worth consideration. Often one notes that when law officials of one county or state see fit to drive criminals from the confines of their jurisdiction, there is a resultant influx into a bordering state. The problem of dealing with this situation is not solved by driving them from one state to another. The solution is only deferred and the responsibility referred to a neighboring sovereign. It certainly would afford small consolation to the roving criminal to observe the unity of law enforcement agencies of the neighboring states in attempts not to drive the criminal from one state to another but through concerted action of the penitentiary where he belongs.

So too the Governors of many states have great power in the selection and appointment of judges. And in some instances supervisory control over the prosecutors. Through such powers the Governors can lend great influence to bring about the speedy prosecution and the certainty of punishment so necessary in the suppression of crime.

There remains further the matter of building up an alert, dependable and efficient police force in the state and in the subdivisions. In the work in which I have been engaged during the last year, it has been my duty and privilege to visit many communities in this country. In such work I have had occasion to observe the prosecutors and many of the police of many cities in our country. Without exception I can report that those actually engaged in police work are brave, hardworking men, keenly intent upon the faithful performance of their duties. They do, however, need intelligent and forceful direction. They are too often, I fear, concerned not alone with the performance of their duty but also with keeping their jobs. In our country there are many instances of those who have directed police departments for long periods of years and in such periods of time have gained favorable experience, being ousted from their office solely for political reasons, in most instances because of change of administration. In this serious work of directing those engaged in suppressing crime, it is un-

fortunate that there is such lack of continuity of office. I am sure that any effort upon the part of the chief executive of the states of the Union, to reward the faithful and efficient and protect them from removal for political reasons, would be repaid many-fold in beneficial results to the community. Unfortunately it has not been possible to entirely remove politics from police departments. There is probably more political influence exerted in the police departments of our communities, than in most European nations. Whatever can be done to bring about a change and reform in this great problem, will bring about the heartfelt thanks of the people of this nation.

Past experience has taught that it is sufficiently difficult to apprehend these roving gangsters. There would seem to be little excuse for returning them to society for the perpetration of further crimes by reason of lax control of penitentiaries and county jails. Certainly the Governors having the great power of pardon and parole, have likewise tremendous responsibility to the people in exercising this great duty and privilege. We are fighting a losing battle if we apprehend one notorious gangster on one day and permit the escape from the penitentiary of three equally vicious criminals on the same day.

This matter of improvement in the suppression of crime is not a temporary problem. Real progress will not be made by sporadic efforts that die out when public enthusiasm fades. It is a grim, serious business requiring hard work and continuous and intelligent study and supervision.

With the Governors of every one of our 48 states alert in interest and action and the state authorities acting in full co-operation with one another, and with the assistance of the agents of the Department of Justice of the Federal government so lending its aid within the lawful and constitutional limits, a beginning can be made in obtaining a solution of this vexing problem. And in the meantime, especially for those crimes that remain purely local in nature, which constitute by far the greater number of crimes committed in our country, the chief executives of the states can view with pride or chagrin their record in office in relation to the proportion of protection afforded the honest citizens thereof.

GOVERNOR McNUTT: Thank you Mr. Keenan. I take it that I express the view of all the members of this Conference that there is no attempt on the part of the executives of the various states to escape their responsibility. The important thing now is to bring about the

proper cooperation between the various law enforcement agencies. And it would therefore seem that the subject matter under discussion should bring several statements from those who are members of the Conference. Governor Horner, have you any observations to make in connection with the paper of Mr. Keenan?

GOVERNOR HORNER: Mr. Chairman.

GOVERNOR McNUTT: Governor Horner of Illinois.

GOVERNOR HORNER: I was handed a program this morning by Governor Hardee, Secretary of the Conference, which indicated that I was to lead the liquor discussion. This was the first information I had on the subject. I therefore intended to follow Mr. Choate's presentation of the liquor question. I have no objection to starting this discussion on "Crime" following Mr. Keenan's excellent presentation. It is quite easy to start a discussion if someone else will but promise to finish it. I doubt that the subject could have been more clearly presented than it was by Mr. Keenan, who has been actively engaged in the past twelve months in the prosecution and the apprehension of criminals. I doubt further that there is that jealousy among the states with reference to the participation of the Federal Government in the apprehension of criminals. The Federal Government has been very helpful and very serviceable to all the states. I, on behalf of Illinois, acknowledge that helpful participation in our State. The Government I believe, by Federal legislation recently provided that states could make cooperative agreements with the Federal Government which would be binding upon both upon the question of paroles. To that end, the Conference held in Illinois recently on the subject of paroles and pardons, undertook to arrange an agreement for the reciprocal observation by state and Federal Governments, of the control by states of out of state paroles, which we hope will soon be adopted by many of the states throughout the Union. I doubt that any state would discourage the cooperation of the Federal Government in the apprehension and conviction of criminals. The U. S. Government has been very efficient and very unselfish in its helpfulness and it maintains a valuable identification service in its crime detection bureau. Illinois has tried to be alert to its responsibility not only as to the criminals of its own State but in connection with the apprehension of criminals of other states. We have established a state-wide cooperative service between our State and our local authorities. We recently held in Springfield, our Capital, a conference of all of the law enforcing agencies—

both State and local of Illinois. We have recognized the necessity for intensive and intelligent cooperation. We have a complete organization composed of all local law enforcement officers of the State. We can and will be able to have enforcing officers help the Federal Government and we expect them to help us whenever possible. I realize that crime is one of the current important problems of the nation and I doubt that any Governor either before or after Mr. Keenan presented his excellent paper, was or is unmindful of that responsibility. All peace loving citizens of the country must realize their duty to cooperate. We have had too much difficulty throughout the Nation on the subject of kidnaping because of the lack of cooperation of many of the victims and their families through fear of further consequences. Law enforcement officers courageously take their lives in their hands when they seek to apprehend the criminal. The victims themselves and their families must be equally courageous as must be the rest of the right thinking citizenship. We are in a Nation-wide war against crime. All wars call for the highest appreciation of duty and a readiness to make sacrifices therefor. All forward looking citizens must be ready to make sacrifice to enforce the respect for the law, for without that respect there is no law. (Applause.)

GOVERNOR McNUTT: Governor Ely, have you any comment to make?

GOVERNOR ELY: Mr. Chairman, I did not come here to discuss crime. Never have. In fact I am not sure that I came here to discuss anything in particular. I think I came here to enjoy the luxuries of Mackinac Island. I had listened to the representative of the Federal Government in his discussion of law enforcement and the part which could be played by Federal Government. I have heard his compliments to the policemen and of course I have heard his compliment to Massachusetts. I think what he said about the police is generally correct. Speaking broadly the law enforcement agencies of this country are honest but I cannot say that they are honest without exception. Over in Massachusetts we endeavor to co-ordinate the police forces of the state and to create centralized, a centralized control of the police agencies of the state, and all the people of Massachusetts, I feel sure, were in favor of that but the police agencies of Massachusetts were against it and the police of Massachusetts won and the people of Massachusetts lost and no action was taken by our legislature for the co-ordination of police effort in the suppression

of crime. Now the ground upon which they base their opposition was that the centralized control of the police authority in the state meant taking away from their local authority the control,—in other words the principle of home rule of cities and towns was violated by any endeavor to create a centralized and co-ordinated police effort in the state. That was the argument advanced. What the purposes and reasons underneath that were no one knows.

Mr. Keenan talked about these crimes, bank robberies, kidnaping, general holdups,—what we call robbery armed. There they aroused the public interest, stimulated the minds of the people to the point where they are willing to do a little kidnaping and killing themselves. The sort of thing that interested me particularly, the particular,—while those things are of interest they naturally arouse your curiosity and your ire, was the rackets that go on in every state in the Union. For instance we have these pools that are run everywhere. I am not a reformer, I might buy a ticket myself and yet the pools that are operated in the big cities and even in the small towns are very profitable rackets. They are illegal, they could not be operated without the consent of the governing authorities, and the relationship between politics and racketeers is one of the undermining influences in our modern method of living. It is impossible to say how much money is collected on one of those pools. They have what they call nigger pool and treasury pool. I dare say that out of Massachusetts there will be, every day these pools take not less than \$200,000. Illegally operated outside of the law and handled under the protection of the police.

Now if it simply stopped there, if it were simply taking ten cents from you or five dollars from you Governor or a penny from me, (Laughter) it would not be so very serious,—that is to me. But it is the effect it has upon the public mind, the undermining influence of this gambling instinct and the connection between this illegal influence and law enforcement and a good public morale. That it seems to me to make it necessary to focus public attention upon them in an attempt to start off in the right direction.

The President has made strenuous and successful effort in curbing gambling instinct. Sometimes I think he has curbed us a little too much. In curbing the gambling instinct, on the New York Stock Exchange, and I dare say the amount of money that is gambled away on the New York Stock Exchange is maybe easily com-

pared with the amount of money that the American people are spending in the illegal rackets, the pools, and gambling projects. For the purpose of re-organizing our police; first that we might apprehend a few of the conspicuous criminals and secondly that we might stamp out the pools and rackets, I endeavored to have the legislature enact a law which would place all of the police force of the state under the control of a state appointed commissioner of public safety. The first part of that bill covered a very complete control, even to the appointment, even to the personnel of the force. For instance, Evans of Boston or Springfield or Towlin—I don't believe anyone here knows Towlin,—I am not sure I know him myself.

GOVERNOR McNUTT: I do.

GOVERNOR ELY: The first objection to it was that it violated all the principles of civil service; or, if the state did that it took away the civil service right of the policemen so we eliminate the personnel part of it and guarantee all the rights of civil service which are rights,—the policeman is under civil service and he is protected by civil service and when he gets in there he is there for life,—if he, well, even if he does not behave himself.

We eliminated that and left the personnel of the force to the various communities. Well they objected to any authority being given to the state commissioner so to obviate that difficulty we suggested that the commissioner be assisted by police chiefs, a board of three chiefs of police and then after we did that we found that the policemen, the patrolmen did not, they hadn't any confidence in the chief. (Laughter) So that didn't go. Then we suggested that they simply co-ordinate means of communication in the radio and the telegraph, and those essential agencies of detection be placed under the control of the centralized authorities so that when the patrolman opens the radio he would not get three or four messages but he would only get one and be able to understand it. But they didn't like that either. We tried to have a school created to drill and train the policemen and they didn't want to be drilled or trained. The result was that the legislature did nothing. Personally I believe that in the present state of the country we need a reorganized police force; we need men in every city and town who can not only walk but can also shoot. I was talking with Smedley Butler some years ago after he had been over in Philadelphia for a few months and he told me that he performed the test on his patrolmen, and he had them wear those long coats; they were blue, but otherwise

they were just the same as the Governors used to wear. (Laughter) Frock coats, and they had guns stuck in under these long tails, and it took about five minutes to get the gun out, and when they got it out the thing wouldn't fire, probably hadn't been used in ten or fifteen years.

Our police need to be trained. They need to be trained not only to see but to remember what they see. The principal duty of a police officer is to be trained so that his mind recalls the things that pass before his eyes. There should be a school for that purpose. We should also train them in the use of a gun, which seems to be necessary in these days.

I think that the Federal Government in starting a discussion on this subject is doing a very useful thing. I think that each state should take it up, should take up the question of police coordination, that the police should be trained, that the detective powers of the state should be enlarged and made competent, and that the means of communication should be perfected, and with those things done, a morale on the part of the people created, we may be able to deal with the Dillingers and the Nelsons, and those men. I think every governor here knows of these things, I don't think that you or I have told them a thing they did not know; at least we know we are sovereign states; we all know it and we still believe we are sovereign states and that there are forty eight of us and we are all interested in the suppression of crime. At least we think we are and I hope that we may coordinate our efforts in such a way that it will be unhealthy for Dillingers to live in the United States. (Applause).

GOVERNOR McNUTT: Thank you, Governor Ely. Any other member of the Conference who wishes to make an observation on that topic? If not with the permission of you Excellencies I should like to present for a short period a man who made valuable contributions to law enforcement to the organization of various agencies affecting the public welfare. Several weeks ago in our study of problems as they affect our own state I asked the recognized leaders of law enforcement for a list of names of persons who should be invited in to study the problems and make recommendations. The list of recommendations contained one name of a man who is present today and I should like very much to present him to you and ask him to speak particularly upon the interstate treaties. That man is Mr. Burdette Lewis, the Director of American Public Welfare Association. Mr. Lewis.

MR. LEWIS: Governor McNutt, as I listened this afternoon both to Mr. Keenan and to the Governors, my mind ran back to 1904, when we made an investigation of the stock yard strike in Chicago and found thirty-six rackets in operation in that city in 1904. Then my mind ran to 1910, in the City of New York when we began a three year investigation of the public schools of that city, in particular to find out why 100,000 of the 750,000 children either failed or were seriously retarded. We brought together sixty of the leading experts of the country to work together with our officials in New York City during the administration of Mayors Canner and Mitchell analyzing that full list as well as studying the operation of the school system. That study brought us face to face with practically every well known gangster of the east, as you have become familiar with them. We met them as children. We knew all about them as children and saw them being developed. We saw the background out of which they came. We saw the cooperation they received from the different elements in the community and it was thrust upon us thinking at that time that a program of sound prevention, beginning in the background with the school and the state, that would provide a practical and a thorough and a simple kind of education that would meet the needs of these youngsters and which would give them a training that would permit them not only through interest but through that training to earn a reasonable income, would be one of the most beneficial things we could do to prevent generation of the Al Capones and the other followers of the New York system of education.

In 1910, we drove out of New York by the methods referred to by Governors Horner and Ely, Johnny Torio who set up in Chicago, and these young gangsters told us what Johnny was out in the Great Lakes area for, he was out there to be one of their representatives so when they start their annual pilgrimage over the country, could have him as an anchor post of influence and support. They told us then that crime was organized not only nationally but internationally and when I told that to the assembled officials in New York City in 1911, they were inclined to scoff and laugh, but we had the circuit of the known crimes and criminals at that time. When the ice went out of the Great Lakes they started on the northern tour, visiting all of the health resorts, the different state and county fairs, going across, some by the mountain route and some by the northern route of the United States, up and down the Pacific coast returning to New York just in time to spend the winter. If anybody came

back without sufficient funds he was always assured that if he jostled somebody in the park in front of enough policemen, that he would be sent to the Island for the winter where he would be busy in what they call sleeping time until the ice broke again in the spring.

We saw at that time this crime flourishing with a high license for liquor control and then we were visited by a more serious mistake on the part of the country when they added to the high license absolute prohibition, which gave to the gangster that had been scattered out of the East a place in almost every community where they could have plenty of fun, where they could get enormous earnings which they could use in the development of side rackets and we saw these large gangsters elbow the little gangsters out of the liquor business as they consolidated their position and got an international business, and they could deliver you or me a quart of liquor in almost any jail in this country on five minutes' notice. Some business I should say and some business organization, don't you think? And that all supposed to be illegal.

Now as these little gangsters were elevated out of the business they took up the side rackets of every kind of line in all the service industries of the city, so that then we broke up gangs in New York by police and other investigational methods. I have a list of leading gangsters sent to prisons in that time; when we broke them all up we were concerned by this situation, that these gangsters were performing a serious economic service in the community and it may be shocking to some of my friends from the middle West to know what that service is but I will risk the chance and you can laugh at me if you wish. You will find out it is true.

We enacted certain laws forbidding these men to agree upon certain simple matters back, beginning in 1887, and we said to them that they should not co-operate; if they did we would put them in jail and so there sprang up first in these small rackets in these various states a group of men who performed the service of regulating competition in services, and in several industries, not merely in the city but clear across the state line, until there was built because of these anti-trust laws the first and the soundest and the most beneficial background for the development of racketeering, not merely in liquor control but in all of those service industries in the city where capital is not a great factor but human labor and ingenuity and service is a great factor. And so I would put this first on the record in respect to the

statement I have tried to prepare very carefully after thirty years study. And then we got to the period which we entered in 1929, in the North; and 1921 in the South, namely the depression, which destroyed the means of livelihood for so many that we have in this country now the very serious danger of a large portion of our people who have a high standard of living, will be thrown into this. So we who are interested here are glad to know that we have governors who will protect the tradition with those who know most how the criminal should be consulted, as a new factor in our lives. We have governors who will now consult with those who have been dealing with him all their lives, and when you go to dealing with those folks I am sure you will begin to get a cheering prospect, because they know the criminal, they have known them since 1880. They know the conditions and the background. And the third thing, of course, is the great modern development of transportation which again have wiped out these state lines.

Mr. Keenan referred briefly to this most important law which is the reason I want to talk to you for the few minutes that I am. Those of us who have been working thirty years to see that, consider it the most important statute that has been passed in our lives and I want to tell you why: It makes it possible for the people in these small communities that Governor Ely referred to, to build up a kind of cooperation so that they can have in their respective sections of the country an enforcement of law and a cooperation in the defense of interests that we have that are peculiar to them so the Atlantic seaboard can have one type of treaty and cooperation between the governors and the local communities; so the Great Lakes area can have another; so the Mountain area another; and the South another, and the Pacific coast another.

For the first time since we began in this struggle, well back in 1906, there is daylight, there is hope, and there is a great possibility. And with the united support of the leading agencies that are interested in crime prevention and those who are also interested in the prevention of a peculiar crime, we now can get results. And referring to the conference that Governor Horner spoke of, which I had the pleasure of attending, and which placed me on one of the committees to help draft for the Great Lakes area a treaty so that the states can manage the paroles of persons beyond the boundaries of their respective states. Well do I remember when Warden Lawes, now of Sing Sing, and I used to have to go across the state line be-

tween New York and New Jersey and kidnap our boys who happened to stray away too far from the institution because they would not be bothered with them in New York. They came over to Canada because they could not get through extradition in any reasonable time. It wasn't possible. Now we can have harmonious cooperation so that a man comes across the ferry from New York into New Jersey that he can be followed by law enforcement officers of that state without endangering the form of government or the peace and tranquility of our respective communities.

Then it seems to me another great weakness we can wipe out, and that is our court. Somebody who is holding a position who has come across the state line so that we will punish him for the same offense in somewhat the same way, bearing the influence of the individual in question in mind so that we can have more harmonious cooperation. I hope Governor McNutt will refer here before he gets through to the things he asks us to assist. Which it seems to me is the kind of thing that every governor ought to have on his desk for consideration now and be working hard upon. When we get that coordination and when we get that cooperation and when we can look to the Federal Government for his wise counsel and help and advice, we will get results here.

And so the last thing I want to comment to you upon is the organizations within your states, strong central departments of public welfare, providing for local administration of those functions, which is now a possibility. Every one of the Federal authorities from Harry Hopkins down, all of them most anxious that the states should organize under some such plan as this so that they can expend funds in your states along the lines they have been spent. We hope we may have this in this middle section of the country before winter, where we can counsel together on how it will be possible for the Federal government to release administration entirely to the states; when they have a staff of officials well trained and coordinated to do the job and when the local government has the administrative personnel for to submit to control from the capitol of the state. Well we feel with the proper organization, with the proper development of departments, proper coordination over the Police Department of the state, and with help and guidance and counsel which will be needed in many of our communities from the Federal government, we shall have a united new country and great reason to be happy and rejoicing. (Applause).

GOVERNOR McNUTT: Thank you Mr. Lewis. I am going to submit that thing for discussion this afternoon, the question which we have been considering during the last few weeks, brought about by the spectacular activities of the recently deceased public enemy No. 1. We made a study as to what caused some of these activities. In looking at this man we found he was without a previous criminal record who was sent to the penitentiary for ten to twenty years. While I do know that somebody escaped with the previous criminal record was sent for two to twenty-one years, two to fourteen years and was out at the end of two years. What happened in the penitentiary that made John Dillinger the criminal that he was? Now the time has come, it seems to me for an enlightened populace to give serious consideration to the matter of sentencing of the court within the state, to provide first of all individual justice because that is absolutely necessary and to provide secondly some uniformity of sentences. There is an opportunity in that line and on this subject which deserves our most careful consideration. I hope that we will be able to try this experiment by the time the next general assembly meets but we certainly invite the cooperative study on the part of the other states and stand ready to turn over to them the results of our own investigation. I know it would be possible for us to spend the rest of this session discussing this extremely interesting and vital problem which we have had before us. We have another one inherited by the most of us to study. It is to be presented by a distinguished guest, the subject is Federal and State Cooperation control and sale of alcoholic liquors. The paper is to be presented by the Honorable Joseph H. Choate, Jr., Chairman of the Federal Alcohol Control Administration. Mr. Choate. (Applause).

MR. CHOATE: Mr. Chairman, Governors, and you who govern the governors: The first fundamental, the first essential of cooperation between the Federal and the state governments in liquor control is that the Federal Government should keep its hands off regulation within the States. The United States is pledged by the Twenty first amendment to hand back to the states with its blessing the delightful problem of how, and when, and what, and where, and, if you like, why the individual citizen shall drink. No Federal rule should intentionally interfere with the states' solution of those problems. I say intentionally because almost every Federal rule unintentionally affects some state legislation. On the other hand the functions of the Federal regulation ought to be two: the first is to do those things in the

way of universally demanded controls, which the state cannot do. The second is to provide the basis for uniformity in regulation of subjects as to which diversity would be disastrous,—in which state regulation might produce forty eight separate kinds of law, under which no liquor industry could possibly operate. On these subjects Federal regulations, prepared with an effort to meet all reasonable requirements of every state, may well serve as a model for state rules, or make them unnecessary. Federal requirements on such subjects do not constrain or limit the states. Each of them can impose on top of the Federal rules any number of additional requirements; but successful operation of the Federal rules and their acceptance by a number of states may well demonstrate that additional state limitations are needless. On these subjects the information and advice available to the Federal Alcohol Control Commission are probably superior to those obtainable by any state body, and if they do not produce efficient and just regulations, the fault is ours. We are painfully conscious that we lack a large part of the immense wisdom which the job demands, and we shall always welcome your corrections. Without some such unifying force the divergence between the view of state authorities, often manifested as to really immaterial matters, would tend to make the carrying on of the liquor business impracticable.

The one subject of cooperation, however, between the state and Federal Government which is of supreme importance is the warfare on the bootlegger. While that gentleman continues to practice his profession, all plans for social reform and for increasing the public revenue are doomed to failure. You cannot, by prescribing what the legal industry shall do, accomplish any of those results until you drive out the man who is controlled by none of your regulations. As long as he is there in a position to supply the customer with what the customer wants, it is futile to attempt to restrain the industry or to tax it with any great degree of severity.

The Federal Government I think, is doing its part. This is not of course, the work of the Federal Alcohol Control Administration, which I represent. The Internal Revenue office controls I think, with almost complete efficiency the manufacture of legally distilled products, and sees that the legal production is legally disposed of. The Government's control of the legitimate distillers efficiently prevents illegal production in and diversion from their plants. With increased appropriations its enlarged tax unit is routing out more and more of the incredible numbers of the illicit distilleries and is

catching more and more of their operators. Severer sentences from the courts seem to be getting frequent enough to tend to put the fear of God into the moonshiner. The new joint resolution of Congress under which the Treasury has issued its regulations to prevent the re-use of liquor bottles and to identify and control the supply of new bottles, should obstruct the path of the counterfeiter. The similar resolution under which sales of supplies of moonshiners' materials, such as corn sugar, have to be reported, so that they can be traced, ought to make illicit manufacture far harder than it has been. But the greater part of this enforcement problem the Federal authorities cannot touch. They cannot reach into the state and catch the man who actually provides the drinker with his unlawful drink. That is your dreadful problem and on its solution will depend the result of most of your and our efforts to make the legitimate industry behave.

For myself I believe that the bootlegger will not be beaten except by combining against him all the resources of law enforcement and then in addition exerting upon him all of the forces of economic warfare. I want you to consider in the first instance what the power of economic warfare is; when you come to think of it, it is absolute. If we could today make it possible for the legitimate industry to sell as cheaply as the bootlegger and to serve the customer everywhere as efficiently as the bootlegger serves him, the bootlegger would be driven out of business, without any law enforcement, in the twinkling of an eye. Of course we cannot go as far as that. We have got to have some revenue out of the liquor business, and we have got to have certain elementary controls, but we ought to be searching our consciences to see how far we can go in the way of disposing with unnecessary controls and unnecessary revenue, in order to bring to bear against the bootlegger, as soon as may be, the fullest possible strength of that economic weapon.

To cheapen the legal supply, taxes, tariffs and license charges ought to be diminished, and every regulation which adds to the expense of doing business, ought to be relaxed. If I were an all wise benevolent despot, I would wipe out taxation of the liquor business for a period of one year and I would then begin re-establishing and increasing taxation by degrees until you would have a revenue such as you never dreamed of.

But we cannot of course, adopt any such counsel of perfection and I do not recommend it. I do recommend

tax reduction. And I recommend it at a sacrifice, if a sacrifice must be made, because the bootlegger is the source of almost all of your lawlessness and we find lawlessness at the root of almost all of your state problems. Until you get the better of that lawlessness you can accomplish very little, and it would be worth some sacrifice of revenue if you could eliminate the bootlegger. But I do not think you would have to make any sacrifice. Taxation at the present rate is very high on the cheaper whiskeys. Two thirds of the price which the drinker pays is tax. Nobody needs to tell me that you cannot reduce that tax drastically and get results. I think you would not necessarily reduce your revenue; you might well increase it.

In 1868, the Federal taxes were very materially reduced, and the result was an actual increase in revenue. I believe the same thing might well occur today.

To accomplish this result both state and Federal governments have got to get together, both in law enforcement and in economic warfare. There must be no buck passing, there must be no letting George do it. You have got to enforce your laws, the Federal Government has got to enforce its laws, you have got to reduce your taxes and the Federal Government has got to reduce its taxes, and both have got to reduce regulations to the minimum. In the five years ending with 1916, the country used to drink, and we knew how much it used to drink then because there wasn't much bootlegging, 130,000,000 gallons a year of spirits of all kinds, of which from 65,000,000 to 70,000,000 million gallons were whiskey. And now since that time no one can truthfully deny that the actual drinking of the country has increased. We have an increased population, increased by I forget how many percent. Probably twenty percent. That population consists of two sexes. In 1916 the taste of American whiskey was hardly known to American women. At this time I am told that there are women who appear to know one whiskey from another with some accuracy. (Laughter) I know perfectly well gentlemen and ladies, to be frank with you, I know perfectly well that consumption among women is considerable where none used to be consumed before. Now, we used to sell 65,000,000 or 70,000,000 gallons a year of whiskeys. The tax paid withdrawals today, indicate present legal sales of only about 30 million gallons a year. The difference is presumably all bootleg. We are probably drinking 65,000,000 to 85,000,000 gallons of whiskey a year, and thirty of it is legal, and the rest illegal.

Tax reduction is often opposed by the argument that as long as there is any tax the bootlegger can undersell the legal dealer. That is just not so. The legal manufacturer has many advantages in economical large scale production. The bootlegger has expenses peculiar to himself in procuring concealment and protection. But if on a moderate tax the bootlegger could still slightly undersell the legal maker, he could not flourish. There is a host of buyers who can be brought to patronize the bootlegger only by a large price advantage. On the other hand, the bootlegging business, even during prohibition, had risks to which no one would subject himself except for a large profit. The legal industry can carry moderate taxes and still win the economic war. With tax reduction and efficient law enforcement the enemy can be wiped out.

In that war the legal makers and dealers are, or ought to be, the public's chief ally. The potent force of personal advantage leads them to aid in the detection and suppression of the law violator as inevitably they come to know when and where competing illicit goods are being sold. The same force urges them on to outdo the bootlegger in service and to improve quality and reduce prices so as to capture the enormous market now illegally supplied. Accordingly the legal industry should be fostered and relieved of unnecessary restraints. If so, still more clearly, should it not be destroyed or superseded by monopolies, since these can never have the same incentive to the only kind of economic action which is likely to have really comprehensive effects. We must use the legal profit incentive to fight the illegal.

In addition to these measures there should clearly be relaxation of all such restrictions, local, state and federal as tend to make it hard for the customer to buy legal beverages. He wants what he wants when he wants it and where he wants, and if the legal sources cannot or will not supply him, then and there,—the bootlegger will. Ask even a law abiding citizen to travel miles to make his purchase and then to buy only what some local authority chooses to sell him and he will have to be of supernormal fibre to resist the illicit dealer who brings what he wants to his door.

This leads me to a subject which is probably none of my business, but because I am an impartial observer and have spent practically all of my time on these problems for months, I feel that you may welcome my impressions. I am going to ask each of you whose state may have

adopted the state monopoly system or may be considering it, to reconsider between now and the next time your legislature meets, in order to see whether the disadvantages of that system do not outweigh its advantages. Is it not perfectly apparent that the state store system cannot give the service to the customer which the private industry system gives him, unless you establish in each state a perfectly enormous organization, with hundreds if not thousands of stores, many of which will necessarily be run at a loss, and unless you run them with a degree of business skill and efficiency which it is almost impossible for any government organization to improvise on the spur of the moment? Is it not also clear that if you make the customer travel miles to find a state store, and when he gets there you tell him he cannot buy what he wants but only what the local authorities think he ought to want, he will turn his back on you and march off to the nearest moonshiner and buy what he wants at a price that suits him? On the other hand, if you do carry the thing to its logical conclusion and establish your thousands of stores and buy your thousands of brands and get in at any expense the people who know the business and give them the necessary capital, and tell them what to do, what have you got then? You've got the finest foundation for a political machine that anybody ever created anywhere in the world. Not only does it make possible the building up of political machines of the most unfortunate type, but each member of the army of employees, is a natural focus for the forces of corruption. I don't think there is any question that the system offers that danger, or that it furnishes the most perfect possible foundation for a complete system of corruption. You cannot choose carefully enough, or pay highly enough, thousands of employees to make sure that many will be proof against corrupt inducements; and in no field of human activity are there greater possibilities than in this line. Such an organization as may readily be built up under a state monopoly may destroy the honesty of even the straightest administration.

One more thing I want you to consider: The State store, in the very nature of things, cannot be allowed to push sales of any particular brand. Their employees cannot be allowed to tell the public that any distillers' brands are any better than any other distiller's. I think they all necessarily have that rule. As a consequence, what happens? What happens is that unadvertised brands have no chance whatever, and that the only ones that really sell, are the nationally advertised brands of large manufacturers. What does that mean? It means

that after a short time the state won't even attempt to buy the brands that are not so advertised, and that as a consequence, if the State monopoly system prevails, only a few of the biggest distillers would survive.

When these ideas are stated two answers are always made, both I think fallacious. One is that the openings for corruption in a state license system are as serious as in a state monopoly. That simply ignores the facts. A state license system can be run with a small force, a very small organization. Mr. Mulrooney told me the other day that even now, his board employes for the whole state of New York less than 100 people. Of course, there are in New York the county boards consisting of two commissioners in each county and a few employees but they are absolutely of no importance, have no power, and do practically nothing, so that less than 100 people do the job for the largest state in the Union. A staff like that can be hand picked, you can pay them decently and you can keep your eye on them. You can make sure that they perform their functions efficiently and honestly. The second answer is that the state store system works well in Canada. I suppose it does, though I don't know, but Canada had no such bootleg organization and as a consequence there is not everywhere there omnipresent the bootlegger who can supply the dissatisfied customer with what the State store won't supply him with;—nor is there the criminal organization that Mr. Lewis and Mr. Keenan have told about, waiting to debauch the organization of the state government. So even if the system succeeds in Canada, that is no reason to suppose it will succeed here.

I have gone a long way out of my field in this part of my talk but there is one other function which you gentlemen are peculiarly fitted to fulfill in this work of co-operation. That is the function of moulding public opinion. It is not strictly a governmental function, but our governments, though governments of laws, are governments of men as well, and function through men whose influence is potent and all pervasive. You can do much to sway the public away from the idea, which prevailed so widely during prohibition, that violations of the liquor laws were an almost praiseworthy resistance to tyranny. No one can do as much as you to make the people understand that every man who buys bootleg robs us all including himself, in every purchase, perpetuates the most dangerous types of crime and corruption, postpones the day of real control and temperance, and postpones the possible beginning of all reform and reasonable regulation. Thank you gentlemen.

GOVERNOR McNUTT: Thank you Mr. Choate. The discussion will be lead by Governor Horner. Governor Horner.

GOVERNOR HORNER: Mr. Chairman, Mr. Choate as he usually does has covered the subject so thoroughly that it leaves nothing of great moment for discussion. I agree with him entirely that the bootlegger is unhappily still with us. However, he is not so strongly entrenched or such a popular citizen as he was before National Prohibition was repealed. The passing of National Prohibition and placing the control of liquor back in the States has eliminated the strongest ally of the bootlegger—the private consumer. The public generally patronize licensed places and in the new order of things is more or less fearful of buying directly from the bootlegger. Formerly the consumer had a sort of excuse for buying from the bootlegger;—now he has no such excuse, except in dry states. I agree with Mr. Choate that taxation is too high on the subject of liquor but I think that excessive taxation in the main is imposed by the Federal Government. Of course there is a great temptation to the Federal Government, as there is to local and State governments, to balance their budgets by any means. Surely no government can be blamed nowadays for trying to balance its budget. For instance, the Federal Government charges a tax of five dollars per barrel for beer. While the Federal Government has its own serious financial problem; yet, with five dollars a barrel beer Federal tax, there is a strong temptation for bootlegging.

Our State has tried to be moderate on the subject of State liquor taxation. For beer, we charge a tax of two cents a gallon, which at thirty one gallons to a barrel is sixty two cents per barrel for the State. Our wine charge is ten cents a gallon, under 14% alcoholic content. For hard liquor the State tax is fifty cents a gallon. This is necessary in our opinion to enforce those regulations which we deem necessary for the proper regulation of the liquor traffic in our State.

Without desiring to substitute my judgment for the judgment of the Governors of those states who have a monopolistic control of liquor, I agree with what Mr. Choate said in that respect. The subject was brought up in our State and I opposed it because I felt it was always improper for government to participate as a competitor in any lawful business. We now have regarded properly conducted liquor traffic as a legitimate business. Because of the contrariety of opinion amongst

the various states on the subject of liquor regulation, taxation and so forth, I called a Conference in Chicago last June at which were represented twenty eight states—the states permitting the sale and manufacture of liquor. Most of the other states who are restricted by their state constitution from permitting in any way the sale or manufacture of liquor, were not present. The keynote of our own liquor law was the declaration of the President in his Proclamation of Repeal of the Eighteenth Amendment, where he said in part “I enjoin upon all citizens of the United States, and other residents within the jurisdiction thereof, to cooperate with the Government in its endeavor to restore greater respect for law and order by confining such purchases of alcoholic beverages as they may make solely to those sellers or agencies which have been duly licensed by State or Federal license. Observance of this request” he said, “which I make personally to every individual and every family in our Nation, will result in the consumption of alcoholic beverages which have passed Federal inspection; in the break-up and eventual destruction of the notoriously evil illicit liquor traffic and in the payment of reasonable taxes for the support of Government, and thereby in the superseding of other forms of taxation. I ask,” said the President, “the wholehearted cooperation of all our citizens to the end that this return of individual freedom shall not be accompanied by repugnant conditions that obtained prior to the adoption of the Eighteenth Amendment and those that have existed since its adoption. Failure to do this honestly and courageously will be a living reproach to us all.”

This, Fellow Governors and Ladies and Gentlemen, sounded the keynote for liquor regulation and control throughout the Nation. It sets a sound basic policy of temperance with a regard for both those who do and those who do not care to consume liquor. In enacting laws on liquor control in our State, we have striven to respond to it.

Repeal of the Eighteenth Amendment found most of the States in the Union without laws to meet the new conditions. Before prohibition, municipalities and other forms of local Government undertook to control and regulate the liquor business. Because they were not able to do so as effectively as our social order required there followed a period of thirteen years of unhappy experiences under the Eighteenth Amendment. The notorious failure of National prohibition resulted in the repeal of the Eighteenth Amendment and a return to the respective States of the responsibility to properly control

and manage the manufacture and sale of alcoholic liquor. That responsibility each State must courageously meet. A general failure squarely to meet that responsibility will encourage the return to the dangers of prohibition.

There are many theorems which we had learned by the sad experience of prohibition days which must guide all states. Whatever our new liquor laws may be, the effect of lax enforcement is demoralizing to the citizens and to the State. It creates a lack of respect, as you know, not only for those liquor laws but for all laws. The liquor business and liquor control and enforcement must be absolutely divorced from politics. Regulation must be employed that will enable the vast majority of sober men and women to enjoy their drinking without being associated with lawlessness and over-indulgence. The return of legal liquor is helping to bring prosperity to the Nation. It has provided additional avenues for the disposition of the Farmer's grain. It has created jobs and opportunities for investments for many, many thousands. It has improved real estate values. It has brought additional revenues to State and Federal Governments. But this step toward prosperity must not, through faulty regulation or mismanagement, be permitted to cause a recurrence of the old abuses.

Our present laws are again an experiment, but an experiment the people of the various states wholeheartedly desire to succeed. The responsibility which rests upon the State and National enforcing officers is very great. By their intelligent conduct they may lead the Nation into the path of true temperance or, conversely, they can, by poor judgment, lead back to those avenues which would carry us all to another prohibition era.

National prohibition resulted from the failure of State regulation and control along the lines of temperance. The burden rests upon the State now to cope with the situation in which the municipalities failed before prohibition and the Federal Government failed during prohibition.

Since repeal, the legislatures of twenty-eight states have adopted laws on the subject. These laws are as varied as there are states which have adopted them. Of the twenty eight states today permitting the sale of alcoholic liquors, ten own and operate liquor monopolies, and one has planned to go into the rectifying business as a Governmental function.

All these various laws are necessarily experimental and may have to be changed from time to time to meet

the necessities of the people of the respective states governed by them. It must occur to all who are giving serious thought to the many problems presented by the return to legalized liquor that only through a proper coordination of the activities of both the State and the legitimate liquor industry can those pitfalls which have heretofore contributed to the opposition to the manufacture and sale of alcoholic liquors be avoided.

I am rather sorry to have it to say that the liquor industry has apparently learned nothing from the fifteen years of prohibition it has experienced. That was apparent to me during the construction of our State laws and our efforts at enforcement and the general discussion on the subject, with them.

Throughout the Nation the conscientious proponents of repeal assured the people of our country that the bootlegger and bootlegging production would be eliminated. That promise must be kept. It is the inescapable duty of every State that permits the sale of liquor. You will recall that during the attempt to repeal the Eighteenth Amendment that the platform of two major parties among other things said that the saloon would be abolished. That was part of most of the state platforms during the campaign preceding the repeal of the Eighteenth Amendment. I was ingenuous enough to believe that those platforms meant just exactly what they said and that the saloon as conducted heretofore in pre-prohibition days, must go. I do not and did not agree with a candidate who was campaigning in 1932, who said, "yes, I am in favor of the abolition of the old saloon but I am for the reestablishment of another saloon where the old one was." And so we tried in our State by the same provisions to keep the promise made to the Electorate when we secured repeal. Many temperance people voted against prohibition on that basis. To eliminate what was called the saloon we prohibited the blinds and partitions; we required sales on street levels, and so on. The most definite element of the old time saloon was the bar. We felt the people could drink at tables as sufficiently and as happily as they could at the bar, and our law prohibited the old style bar. Immediately bar manufacturers and others having a like interest started a bill in the legislature to permit bars in sale of beer. The law was passed and I did the very consistent thing of vetoing that law. Bars, of course, exist in some of the large cities. I would not be surprised if you found one in the large City of Chicago in our State. Smaller communities have lent themselves to this effort to prohibit bars—

an effort to carry out a pledge to the people. That effort stills needs the cooperation of the consuming public.

When it was apparent that the repeal of the Eighteenth Amendment would be ratified on December 5 of last year by the last necessary State, I called for November 22 of that year a special session of our General Assembly to enact a suitable liquor control law for Illinois. That would have allowed us sufficient time if everything went smoothly,—as smoothly as the speeches made here to-day,—to enact a liquor law before the repeal of National prohibition was effected. We thought in that time we could accomplish the legislation to carry out these paramount ends, obedience to and regard and respect for law and self control and moderation. Instead of accomplishing the legislation in the expected two weeks of the special session, the many diverse views on the subject made that hope rather doubtful. A vote of two thirds of both Houses was necessary and it took us eight weeks to pass our liquor law. This left Illinois four weeks without any liquor control at all. During this time the liquor interests filled the shelves of our retailers and wholesalers with liquor without State taxation or control. The chief difficulty in legislation of this kind is not so much in putting legislative ideas in proper form as it is to secure the cooperation in enforcement of that law by the majority of the people who live under the law. After those two months we finally passed a law which we think is a pretty good one. It is always subject to revision and improvement. It is taken in a large measure from the best provisions of the laws passed by other States, or bills that were pending in various states until we think we have a pretty fair liquor law.

I mention these local experiences only because the same differences of opinion which existed among the legislators of our State apparently and as the difference in legislation in the several states indicates, exist all over this Nation. I will not take your time now to tell you of the detail of our liquor law, some of you probably have read it, even as I have read all of your liquor laws. We have a State Liquor Control Commission whose duty it is to enforce the regulatory and control features of the liquor act, to receive and pass upon applications for all classes of licenses and to act as a board to which appeals from local commissions may be brought for final disposition.

I am now of the opinion that authority should be vested in a single commissioner,—not three commission-

ers as we have,—whose judgment should be final, subject of course to review of the Court.

In addition to creating the Liquor Control Commission our law also vests in our State Department of Finance the duty of collecting the statutory license fees and the gallonage taxes imposed upon manufacturers. The reason for utilizing these two agencies of the State, which by the way work in perfect harmony and cooperation with each other, is that prior to the creation of the Liquor Control Commission, the Department of Finance had already set up an effective organization to collect the license and gallonage fees under the 3.2 beer and wine act, which organization we did not deem wise to change or disband.

While our law has been in effect since the first of the year many problems have arisen regarding its application and enforcement and each day new problems present themselves for solution. Your experience with the laws of your own state are undoubtedly the same. The 28 states represented at our June Conference have established a permanent National Liquor Conference which, it is expected will be the repository of all your experiences from time to time. The officers thereof expect to be able to answer questions and give you such guidance and statistics as you may desire. We are still experimenting—not nobly experimenting, but practically experimenting to ascertain what methods and regulations are best suited to the needs and habits of the people of the Nation and best suited to bring about, by general cooperation, true temperance. (Applause).

GOVERNOR McNUTT: Thank you, Governor Horner. The meeting is now open for discussion.

GOVERNOR BLACKWOOD: Mr. Chairman.

GOVERNOR McNUTT: Governor Blackwood.

GOVERNOR BLACKWOOD: Mr. Chairman, because I hail from South Carolina is not the only reason why I wish to just say a brief word in respect to liquor. We who reside in that very unique state, one of the few, or rather one of the two states who have thus far forbid or expressed their wish to be prohibitionists are about to have another referendum, one where in all probability there will be a more generous voting and where we hope the people will have a more vivid grasp of the consequences of this problem than they had before. I have but one point I wish to emphasize which point has already been made by Mr. Choate. He made it very force-

fully but I think that point alone properly carried back by us will go far towards making a great contribution to the law enforcement of this country and that is the reduction of the Federal tax. I think that that will probably save the day. It will go further than many of the detailed efforts that we might make if the Federal tax is sufficiently reduced to enable the states to enjoy it. It is a great stimulus and it is the only hope to brush away the bootlegger.

Down in my section of the country, North Carolina and Georgia and South Carolina, during the past fifteen years of prohibition regime a great many people acquired a fancy for bootleg whiskey and there is a sort of romance that attaches to it for some reason or other. (Laughter). And people are just simply naturally prone to encourage and to think it is an ingenious attractive factor in society. I do not understand why that should be. That country was used to liquor long ago. Zebulus B. Vance once said in one of his political discussions when he was running for the United States Senate a great humorist that he was, that they make liquor out in Madison County near Asheville, particularly crab apple brandy, a drink of which a man could take on the Fourth of July when he was celebrating the achievements of Thomas Jefferson and the spirits would be following him on Thanksgiving Day. (Laughter).

I have been told that at a conference, in the one my distinguished friend, Governor Horner, spoke of, oh, somewhere up here in this great northwest, that the wine vendors of France and Italy and from all over the country assembled there and in solemn conference they decided that the best liquor that was made anywhere in the world was made in that mountainous region that lies near the three point corner of Georgia, Tennessee, North Carolina and South Carolina. There is a paradox about this liquor business that is difficult to understand. People who shudder at the very prospect that a drink of liquor could be had at all are the people who are about to lend their influence to the bootlegger and to the fostering of the most insidious criminal instinct that people could cherish, they are fixing to go in with him, he is smarter than he is; they do not mean to contribute to him but they are just about to do it. For this reason South Carolina and North Carolina and perhaps Georgia cannot be dry. In spite of the fact that all of the other states of the American Union except two or three have voted for liquor regulation and liquor control.

I believe you can encourage us greatly if the congressmen and the senators and the United States Government generally, those who have it now actually in hand will see to it that the Federal license is reduced and encourage the states to come along and cooperate with them. It is a part of the great program of democracy in this country to enforce the liquor law. It is a part of the great program that inspired in my opinion, the election to a very large extent of the great leader who we now have, that we promised to control and regulate it and for one I should be glad to see it done. Now I come from a place where it is rather difficult to inspire my people, the electorate of my state, that such is the case,—. I am hoping that they will have a confession before it is too late. (Applause).

GOVERNOR McNUTT: Thank you, Governor Blackwood. Other governors who wish to be heard on this subject? Governor Comstock of Michigan.

GOVERNOR COMSTOCK: I think all of the governors and perhaps most of those in the audience are aware of the fact that the State of Michigan has a monopoly through its liquor control Commission and its system of state stores of the liquor problem here in this commonwealth and while I am a member of the liquor Commission the chairman happens to be here. Mr. Frank H. Picard of Saginaw and he has been responsible for setting up of the system under which we are operating. Some of the things that have been said here this afternoon in regard to the problem, we are not doing in exactly the same way and if I may have the indulgence of the governors here present and the audience, I would like to have you hear Chairman Picard.

GOVERNOR McNUTT: Is there any objection to hearing Frank Picard? (Applause). We will present at this time Mr. Frank Picard, Chairman of the Commission in Michigan. (Applause).

MR. PICARD: Mr. Chairman, Governors and friends: Being chairman of the state control system in the state that is aiming actually to control the liquor industry and is not only in part but in all, of course I sat back there or rather turned in my seat when I heard the attack made on the state store system made by Mr. Choate.

I attended that conference over in Chicago and I had about ten minutes to talk to them at that time. Mr. Choate and I did not agree then on certain things and we don't agree today. One of the things I criticised then I

will criticise now, a little later on, but I want to direct your attention to one part in his talk. He said, "I hope that all of you as states have adopted the state monopoly system, will find out before your legislature meets whether the evil of the system does not outweigh its advantages." I say, I hope that all of your states have not adopted a state monopoly system will consider it well before you adopt any other system. If I needed any other incentive that which I received today would clinch that as far as I am concerned, and I say to the Governors present here now that if there is one danger that you must face when your legislature meets it is the danger of the inside propaganda going on in the United States by the wine and liquor industry and big wholesale houses to stop this system from going into effect. They tried it in the State of Michigan, they tried to discredit it. They cannot discredit it. And I will point out as briefly as I can the reasons why.

In the first place I direct your attention to the fact that it is important to say whether or not a state control system in this or any other state is the proper step to take. I say also that if we are going to control the industry we've got to control it. You can't be half way and I take Mr. Choate's own statement to bring home to you this one fact:—I am not mad, we just differ in our views, we are very friendly. The evil which he impressed upon each one of you, that of the bootlegger is worse in the states that don't have state control than in any of the states that do have state control. How do I know it? They told me so at Chicago and they don't have to tell me so. The bootlegging industry in the State of Michigan is practically nothing. How do I know that? I know it from the various sheriffs and the various chiefs of police. I know it from the Chief of Police of the city of Detroit and when you go through there if you want to ask him he will tell you the same thing. WE have not got a perfect system. There are a lot of places we've got to correct this. But in my humble opinion the only way to control this industry is by the state taking the profit out of it and that is what the State of Michigan has done or is trying to do. Now I have jotted down the objections and am going to refer to those objections,—the evils of state control businesses.

While they say this, a man has got to have what he wants when he wants it and he will get it. All right. He can. Under the system in the State of Michigan we have about 100 stores. In addition to that we have a number of drug and grocery stores and general stores

throughout the state, probably six or seven hundred of them, about 500 now, there will be six or seven hundred to which a man can go for his liquor. I will present each governor here with a list of the chief liquors we've got for sale in the State of Michigan and I will tell you you cannot find few of them in any state in the Union including New York. We have got more different brands in our state stores than any state or any store in the Union. Cannot get what he wants? When the bootlegger comes to see you, what does he tell you he has got? Does he tell you, "I got a new whiskey? They don't advertise it. We make it over here or somebody makes it?" Or does he tell you, "I can sell you Seagrams, I can sell you Crab Orchard, I can sell you Black and White?" What does he pick out? He picks out the nationally advertised brands, doesn't he? And that is true no matter where you go in New York or in Illinois or in any other place. The people will get what they see before them. You will pick up the "Time" or any of the other magazines and you won't be able to find with one or two exceptions in any of them and all of them any liquor we don't have in the state stores. But in addition to that we have got a number of others that do not advertise. You can get anything you want at a reasonable price and a reasonable time.

Now the State of Michigan had this in mind, had in mind first, temperance, second control, third financial, and we have definite proof that we are making headway along all three lines. Our system permits the sale of light wine and our system permits the sale of beer. We will take in in revenue, for example, this month, clear profit, \$450,000. People in the State of Michigan are drinking beer. The head of the state police tells me that there is practically no bootlegging. And if there is any state in the Union where smuggling would be going on, look at our geographical position and you say it would be possible that the Federal Government, Mr. Morgenthau himself would send men down here to investigate and I think over a period of a month's time they located thirty-four bottles of smuggled whiskey. Now why is that? We will get to that.

They say it takes a large force. That's true. In the State of New York, all they do is police. They don't collect the tax. We collect the tax. We buy the liquor, we have no books; we have to mark all a profit, we have about 800 people employed. A political machine? Oh I have heard so much about taking this and that out of politics that I am almost fed up on it and somehow or other get back into politics, but,—if we are going to

have a political machine, I would rather have 800 citizens throughout this state who are dependent upon a job, I would rather have a political machine made up out of those employees than a political machine made up out of the distillers and the brewers anytime.

And if that is an error, let us go into the civil service, State of Ohio has, the Governor of this state has recommended a clean set-up as a future development of civil service in these states where we have taken the profits out of the liquor game. Now what have we accomplished in the way of temperance? I told you about the beer. Beer is being consumed in this state in preference to hard liquor. If I believe anybody, I can believe the police. I can believe the Federal authorities who say that there is no smuggling across the Detroit River. I can believe the head of our state police and we are doing it with state control that grew up out of nothing. And how do we do it? We do it because we sell liquor to the consumer cheaper practically than any state in the Union. And the only states that beat us in the price are those states that have state control. Let me give you a sample. This actually happened. When we laid down the bars a little bit so the people could go and buy liquor where they wanted to,—a well known gin was to be sold to one of the leading Detroit clubs and the offer they made on that case of gin was twelve dollars a case. You and I know that if we had no state control we would have a tax on that, wouldn't we?

You and I know this that we are not going to pass up the financial end of this thing entirely, so that that case by the time he paid his taxes a very nominal tax, would have gone to him for fourteen dollars if he could buy it direct, but he cannot buy it direct. Even if it is a hotel or a club it goes through a state distributor who puts on a tax of his own. If he sells it to a private individual other than a club or say as a restaurant or drug store or grocery store, he puts on his tax, doesn't he? And the minimum that that could cost the individual, we figured it out for that case of liquor to the individual, was \$18.20, that the distiller sold for \$12.00. We bought that same case from the same distiller because of our buying power as a state for \$9.50. Remember the state got \$2.00 out of the other. That is quite a bit. We add to that 45% which was \$4.27. We sold that case of liquor with the state making at least \$3.00 clear profit instead of \$2.00. We sold that liquor to the individual for \$13.77 and we sell it to the club that pays anywhere from \$16.00 to \$18.00 and to the restaurant and to the

hotel, we sold that for \$12.09. Going to drive out the bootlegger? Who has got the best chance? Who's got the best chance! no matter what happens to your taxes. The state sells it and makes a good profit, or the individual where it goes through two or three profits and when you walk out of the store you don't know whether you've got gin that is distillate or a compound, you don't know whether you've got straight whiskey or whether you have got a compound. You don't know whether it is clear whiskey or whether it is alcohol or spirits,—you don't know anything about it but when you go out of the state store you know it because we have tested it.

I would like to ask whether anyone else for one minute in any of these states Illinois or New York or any of the states don't have state control if you haven't got politics in the liquor office. I am telling you you got less politics in the State of Michigan and in the state controlled states than in any of the other states.

Now you can have revenue, you can have low prices, I quite agree with Mr. Choate on this, that the price of liquor is high because of the tax. There isn't any question about that,—we buy a case of Scotch for let's see, \$32.00; that is what the State of Michigan pays for most of its Scotch, around there. And the retailer pays \$39.00 for it in other states or the wholesaler in other states. We buy the case of Scotch for \$32.00 and about \$18.00 of that at least is taxed. \$18.00 of it that they ought to cut down on that. The only way that they can compete with us in the State of Michigan is by beating the Federal Government out of \$2.50 every time they beat us out of ninety cents. That is the problem for them to attack. I don't believe that the Federal Government or the people in high authority who make the statements that twice as much bootleg liquor is being consumed as the other. That gives courage to the industry. What we ought to do, go in and knock them off make it tough for them not to advertise the fact that some of our good citizens are buying bootleg liquor. I don't agree with that attitude of the government at all. And let us correct the evil. Let us not advertise the fact that because the fellow next door says, "I didn't know they were doing that, gosh I better buy some, must be pretty good. We never thought of it before." I think the psychology of that is bad.

Just one word more. In the State of Michigan we don't advertise liquor sales. We don't care if we never sell a bottle of liquor. We do not permit our clerks to

tell what to buy. I can remember the opening week over in Detroit, I walked into one of our large stores and I saw there the manager of the store and four others on this day with the clerk walking up and down, they had everything on but silk hats and I said to the manager, "Who are those fellows"?

He said, "They are courtesy men".

I said, "They are what"?

He said, "They are courtesy men".

I said, "What are they doing"?

He said, "They are helping the people picking out the liquor".

I said, "Hell, they have been finding liquor for fifteen years without any help and here it is right before them and you got courtesy men. We don't need any courtesy men".

I don't think that when the people voted repeal of the Eighteenth Amendment, I don't think for one minute they meant we should try to sell them all the whiskey there was. I thought we would make it, we were going to make it available for them. You and I can remember when they had to carry it on their hands and knees from here to New York City. We cannot correct this thing in six months. It took fifteen years to correct it. We have got to be patient. And we invite you to look over our system. That is not entirely limited to state stores. We have these people all over so that the man just about to drop dead before he gets the drink will be able to reach the store before he does.

One thing more. I say to you, you must have revenue. What have we done in the State of Michigan? Here is what we have done in this connection,—mind you selling cheaper than in any state in the Union except in those places where somebody has a leader, some kind that they want to push. We won't compete with leaders. Here is what we have done in the State of Michigan. And I say we have gotten rid of the bootlegger, not entirely, no, but in answer to my query to Mr. Morgenthau when the statement came out about bootlegging several states, Michigan was referred to as one. I asked him where he got the information and he came back with the statement that he had not been correctly quoted. The Chief of Police of Detroit and I think Detroit with 1,500,000 people, will inform you if you desire, that on Saturday, particularly at a state liquor store in the State

of Michigan before we had the drug store and the grocery man selling it, at our prices, we fixed the prices; that is the crux of the whole thing; that they had to call out the police in several of our stores to do what, to keep the tremendous crowds in line so that they could buy. If the bootlegger was so rampant in this state why the devil do people stand on a hot Saturday afternoon trying to buy a bottle of Sweepstakes? It is not true, that's all and I don't like to sit back here and let those things go unchallenged.

Now just one more thing on the revenue. We started without, you know, any organization. May 30, 1931,— June 30, we had six months of operation. During that six months we made clear profit to the State of Michigan accomplishing, I claim, the very things that are now looked upon by all of you as the danger, we made in clear profit in the State of Michigan \$3,400,000. How many of these states did that? None of them. We will make almost \$7,000,000 this year in clear profit to the State of Michigan. We are getting the profit on this thing. Of course the big wholesaler whether he be the grocery man or the druggist on wine or liquor, they don't want it and they are publishing all kinds of propaganda and they will attack all of you states with the idea of keeping the very thing out of it that may bring back prohibition. Two states now are having some trouble. It is claimed they have made it free and easy. You cannot make this thing free and easy. I found out in the short time that I have been here and I have been on this job for six months, that the breweries and the distillers for the most part, they have not learned a thing in fifteen years, the only language they still understand, most of them, is the language of control and you cannot control it unless you have complete control. Thank you. (Applause).

GOVERNOR McNUTT: Thank you, Mr. Picard. Any other observations to be made by members of the Association? Governor Park, Governor Wilson, Governor Cross, Governor Connor? Anyone else? If not I invite attention to the fact that Dr. J. M. Doran, Supervisor of the Distillers' Code Authority is in attendance at this meeting. Will you please rise so that the governors can see you, Doctor? (Gentleman rises amid applause).

GOVERNOR McNUTT: Mr. McLain of the Rectifiers' Code authorities is also present, will you please rise? (Gentleman rises amid applause). Any other business to come before this association conference?

GOVERNOR HARDEE: Mr. Chairman.

GOVERNOR McNUTT: Recognize ex-governor Hardee of Florida.

GOVERNOR HARDEE: Since our last meeting in California Governor Rolfe of that state as you all know has passed away. Likewise Governor Balzer of Nevada. I think it would be proper for us to have a resolution committee to draft proper resolutions to be adopted by us and also they might, the same committee might draw the proper resolution of thanks to our very genial host and his wife for the hospitality they are according us. I move a committee of three for that purpose be appointed.

GOVERNOR McNUTT: You have heard the motion. Is there a second?

(A GOVERNOR): Second the motion.

GOVERNOR McNUTT: All those in favor may indicate by saying "aye," contrary "no." The "ayes" have it. The committee will consist of Governor Wilbur L. Cross of Connecticut as Chairman, Governor I. C. Blackwood of South Carolina and Governor M. Sennett Conner of Mississippi. Any other business? Governor Hardee.

GOVERNOR HARDEE: One other matter of business. The treasurer of the Conference, Governor Wilson is here. I am sure he has his report and it has been customary all along for a committee to be appointed to audit that report. I believe that is the only matter that needs to be done in connection with that.

GOVERNOR McNUTT: Is there a motion made that a committee be appointed?

GOVERNOR BLACKWOOD: I move that the committee be appointed.

GOVERNOR McNUTT: Is there a second?

(A GOVERNOR): I second the motion.

GOVERNOR McNUTT: All those in favor of the motion signify by saying "aye". Contrary "no". The "ayes" have it. The committee will consist of Governor Guy B. Park of Missouri, Governor Henry Horner of Illinois. Governor Wilson, if you will submit your report to the chairman of the committee. Any other business to come before the conference?

GOVERNOR HARDEE: One other matter, Mr. Chairman. The Fox Movietone people, Paramount Pic-

tures people are particularly anxious to have a group picture of the governors here in conference and probably have each governor just say a word. And it occurred to me that the best time for that will be in the morning before the session starts at ten o'clock. If all of the governors will be in the tea garden at say, nine o'clock in the morning, that would give all of the picture people an opportunity to make their pictures just as they have requested. If they will do that I think it will facilitate matters. Nine-thirty tomorrow morning.

GOVERNOR McNUTT: Any other business to come before this meeting of the Conference? If not the Conference is adjourned until ten o'clock tomorrow morning.

(Whereupon the Conference was adjourned at 6:00 P. M.).

July 27th, 1934 at 10:00 A. M.

GOVERNOR M. SENNETT CONNER of Mississippi,
Presiding.

GOVERNOR CONNER: Due to the unavoidable absence of the Governor of Minnesota the executive committee has delegated to me the pleasant task of convening this session of the Conference. We are going to discuss this morning a most important and highly interesting subject, that of the coordination of the states with the Federal Government in the recovery program. We are fortunate in having to lead this discussion two outstanding governors. First we will hear on this subject, Coordination of the states with the Federal Government in the Recovery Program, Governor of Indiana, Governor Paul V. McNutt.

GOVERNOR McNUTT: Governor Conner, members of the Conference, ladies and gentlemen: It is scarcely in keeping with proper arrangements for a member of the executive committee to be placed upon the program. Therefore, I apologize for my appearing in this capacity. It will be my business, therefore, merely to start this discussion rather than to make an extended examination of the subject matter.

As the circumstances of the people change the functions of the government change and just now the government has for the economic rehabilitation of the people and the preservation of certain fundamental institutions. It is the business of government to make those adjustments which guarantee the right to every man and woman to live as a normal human being. In other days we had certain theories which you and I were taught by the economists at whose feet we sat. One theory was that war and famine and pestilence are the natural controls over productivity in industry. They are not the natural controls over industry. If we were to admit that fact, were to admit it as a fact, we would admit defeat in this crisis. And another theory which we were taught in other days was that panics and deflation and bankruptcies were the natural controls over our standard of living. To admit such a thing would mean that the American people are not able to meet such a crisis. And what we have before us today is an honest attempt to meet the problem without using these economic theories, and it is our business to adopt a constructive program which will speed recovery in this critical period and will furnish a lasting foundation for the future prosperity and welfare of our people. This

is not a static world,—some of our people seem to think that it is. Some of them seem to hold to old theories and they are at a loss whenever all of the old theories do not meet the demand of a new day. They seem to be entirely unmindful of the factors which control our well being. If we look back a year and a half ago we find in our midst a very dismal picture, every bank in the nation was closed, millions walked the streets searching for work and local relief funds were instituted. Business was at a standstill. The purchasing power of our citizens had been destroyed and the credit of the Nation had been seriously impaired. One of the most significant things of the period was that our people had lost faith and hope and courage and initiative. The President of the United States quickly restored the confidence of the people and established an enduring pattern of administrative conduct below which none of his successors dare fall. Supported by a loyal and sympathetic Congress he showed clear thinking, courageous action, decisive leadership and an executive efficiency which the times demanded. If you will remember in the first of the series of heart to heart radio addresses, the President of the United States said, "Let us be united in banishing fear; together we cannot fail." And so it seems obvious to those of us who see pictures of states as a whole, who are in daily contact with industry and with labor and with the other activities of our people, that together we are not failing but are moving towards economic stability and improved social conditions. If you will remember a year and a half ago that realizing the need for immediate action, the President of the United States called the Congress into extraordinary session and week by week unfolded the program which led us to a new order under our American form of government, a far better order than that which war and economic revolution swept away. These were the immediate tasks to provide for, to provide food and clothing and shelter for the destitute, to revivify industry through cooperative action and to provide gainful employment for the unemployed, to restore agriculture to a profitable basis and to restore confidence in our financial institutions. The necessary legislation was enacted with amazing speed in the special session, the program was extended during the regular session and the new laws are being administered with such efficiency as to fully justify the hope and the confidence which they created. But that is not all. It is one thing to meet a devastating emergency; it is a far greater thing to prevent such catastrophies in the future, and the program

as outlined by the President just before he left on this trip includes three great objectives. The security of the home, the security of livelihood and the security of social insurance.

This is a new Magna Charta and a great step towards the goal of human happiness. The first duty of government is to protect the humanity which it serves. What part can the state play, must the state play, in this great recovery program. It is not my purpose to go over the details of that program. You see them in the press every day. You hear them discussed on the street corners. You have heard even yesterday, some comments upon the success of such a program. It seems to me that our situation today is much like that of armed conflict. The struggle is as grim and real as in war. Of course in time of armed conflict the government has the support of the patriotism of the people—the sound of martial music and the rumble of the caisson, and the tread of marching feet, those things inspire activity on the part of any people but during this time we have,—but during this time we have, we do not have those things. We have on the other hand, I am sorry to say, a manifestation of what is apparently an everlasting human weakness, namely the selfishness of the people themselves. Let us grant that the recovery program which has been adopted is not perfect. No one claimed that. Let us grant that it is lacking in some of its essential details. Nevertheless, unless we have a united people behind such a program, it cannot succeed, and to go back once more to the reference to armed conflict: When the nation is at war, it must act as a nation not as a body of states. In time of war we take our militia and hand it over to the Federal government and they are sworn in, they have become Federal troops. In time of war we break our state lines and move forward as a people. Seventeen and Eighteen, I served with troops from Texas and Oklahoma and South Carolina and I did not see anyone from the middle west during the entire period. We were able to work together then. We should be able to work together now provided the moral of the people reaches a proper height. I have been seriously concerned recently with some of the efforts to break down the morale of our people. I have been seriously concerned with some of the statements such as that made by Governor Wilson at the meeting yesterday, a reflection of the ancient order of rugged individualism. They may have that in Vermont. Vermont has produced some noble rugged individualists but it is not so in this part of the country. The time has come for co-

operative action and the time has come for the states to do their part. Now it is easy enough for a state government to participate in certain elements of this recovery program. Conservation for example needs no legislation, easy enough for our conservation department to move along with the Department of the Interior and carry out as we have carried out in Indiana during the past year and a half a conservation program which means twenty-five years of progress in conservation. Easy enough without legislation for us to move along with the relief program. We set up our own organization, coordinated those organizations with the Federal organization and accomplished the purpose. And it has been accomplished. People did not starve and they had shelter and they had clothing. They had the essentials of life. It is easy enough for us to coordinate our activities in the restoration of agriculture to its proper place. Does not need legislation to put our Departments into harmony with the activity of the Department of Agriculture of the Federal Government. But there is one place where state action is needed and that has to do with the National Industrial Act. Some, Mr. Darrow feels that the experiment is not succeeding. Some, notably a Dr. Wolfe from our state look under their beds each night to see how many Reds are closeted there. Silly. I can use stronger terms than that but I will restrain myself today, it is silly. And it is silly. Aren't conditions better? They are in the states which I visited during the past year. Aren't we back, aren't we on our way back? Haven't we been successful in priming the pump? Aren't we, to use another illusion, having a blood transfusion and letting the morale furnish the transfusion? One reason for some of the objections which have been pointed out by those who are opposed to the National Recovery program has been the failure of the states to cooperate through the adoption of state code legislation. To go back once more to the basic reason for failures of movements of this kind, namely the selfishness of the people, it is necessary to have some power to enforce the compacts into which they have entered.

Some statements have been made as to whether or not those who represent industry wish to have state codes and thus bring it to a proper enforcement. Well, in order to answer the question I called to Indianapolis five weeks ago five hundred representatives of all of the industries of the state for which codes have been adopted and made the statement then that I expect to submit to the next session of the general assembly a state code

in keeping with the National Code in order that we might have some enforcement of these things and for the first time in my experience as an executive the answers were all in the affirmative. Usually, no matter what is proposed someone does voice an objection vociferously but at times there were no objections but on the other hand communications from practically all of them to the effect that they wanted this thing. It seems to me that the people themselves want this thing and that we have an obligation as states to do our part in the accomplishment of this program.

Now, I realize as you realize that we have been facing a crisis, that we are facing a crisis now; that there will be many problems this winter. I realize of course, our people in our states wish to retain their sovereignty. I was brought up in a family where states' rights were preached most every day and I believe in them but in order to meet this crisis we may overcome some of the prerogatives which belong to us in order to accomplish the common good. I remember very well in our state in our effort to save our system of public education we found some of the counties were unable to meet the requirements which had been set up by the state board of education. We found that in order to assure equality of opportunity to the children of the state it would be necessary to have some system of state aid. And the state has provided it and those who are able to pay more, pay more, and the distribution is made to the poorer communities in order that they may have a standard educational system. The same thing is true just now in connection with the many activities of the Federal Government in regard to our state activities. In most of our states we found unbalanced budgets, and we found deficits staring us in the face and we found people who had been over-burdened by taxes on real and tangible property. Today in Illinois you are facing the possibility of a constitutional provision eliminating three to ten percent.—

GOVERNOR HORNER: And one percent.

GOVERNOR McNUTT: To one percent. on property taxation. In Ohio you voted that without thinking of the consequences and we have a so-called dollar-and-a-half limitation law. It was necessary to carry on the recognized functions of government. It could not come from taxes and during the decade which has just passed, we found particularly spending on the part of all of our communities. We had increased the debt in ten years over \$200,000,000. We had reached a point where it

took twenty percent of the total income in taxes of the state of Indiana to pay the interest and to provide retirement. In a period such as this it is essential that they maintain their credit and pay the obligations which they have incurred. As long as the property is there, so long as the people are able to do it, they must meet the obligations which they have incurred and yet, with all of this, we found ourselves with the necessity of feeding people, we found ourselves with the necessity going forward with these recovery movements to assist in providing employment for men. Well the obvious thing of course, was for the Federal Government to do as it had done, namely, make a distribution of the public funds for the purpose of feeding people where the local situation could not provide food. We found ourselves confronted with the problem of transfer of funds which we had set aside for the construction of roads and putting it on maintenance in order that labor might be employed; in other words, this is an emergency and during an emergency we marshal our resources in order to accomplish the end which we had in view. Therefore, it seems perfectly obvious that it is our obligation as executives and the obligations of states during the critical period to combine our forces and move forward as a nation, as a people, to solve our problems. There is no thought whatever, as I see it, of maintaining a strong centralized authority after the crisis is passed. Certainly, no one would invite such a thing. No thought in the minds of any of us that we are going to build a bureaucracy upon. The American people do not like that form of government and during this period we can gather all of our forces and can solve our problems and as I see it the only thing which requires legislation is the adoption of state codes, in keeping with the National Code.

Now, it is a reasonable assumption that those reforms towards which we are moving, if these reforms had been instituted before the old order presented itself a part of the disastrous consequences might have been avoided. For example, had property owners and farmers obtained a measure of tax relief, they would not have been driven into the organization of tax strikes. Some may call the program which we have before us a radical experiment but the obvious answer it seems to me is, that it is succeeding and it can be more successful if we have the united support of all the people. Contact with our citizens indicates that our citizens are satisfied on the whole. It is not they who are lamenting the fact that the experience during the past few years has been laid on the shelf because the old order has failed them. The

citizen is armed with his inherent right of citizenship and he demands no more than the liberty guaranteed to him by the founders of the Republic. He knows that under the Constitution temporary arrangements for administering government may be changed entirely and he knows there is justice to be served and I have an abiding confidence in the nature of his sincerity and patriotism. Our progress into a new order must be constructive if we listen to the reasonable request of the people of our democracy. Responsibility of the state itself never wanes. These are the three lean years which demand thought in action and there is no time for rest until all responsibilities have been discharged. It seems to me that this new program in state and nation carries the high hopes and aspirations of all of our people and that the only thing we can say to them coming out of this Conference is that God helping we will not fail them. (Applause).

GOVERNOR CONNER: Following this interesting and very practical discussion of this problem we are privileged to hear from the Governor of Massachusetts further concerning the recovery program. It is a pleasure to present Governor Ely.

GOVERNOR ELY: Governor Conner, fellow Governors and ladies and gentlemen: I have listened to the Governor of Indiana with a great deal of interest. There were certain parts of the early sentences with which I was not in entire accord. The second of his perorations I agree with. The idea of reducing the tax burden has my sympathetic understanding.

I find assigned to me the subject of Recovery Program. I assumed that that is the equivalent of the New Deal; at least, we all hope that the recovery program and the New Deal are synonymous terms. But whether the New Deal is a recovery program or not it remains for time and the experience of time to determine. Why I should be selected to talk upon the New Deal of the Recovery Program is a little bit uncertain. I harbor a suspicion that there rests in the minds of a good many people in the United States that I am not a sympathetic admirer of all the forms of the New Deal. On a number of occasions I have taken the liberty of questioning the feasibility, for example, of a continuation of the N R A in its present method of operation. No one can view the situation before us without a realization of the necessity for a strong Federal Government and an energetic state government. To use its credit for the purpose of bringing relief to the unfortunate and furnish work where

work is possible, to furnish clothing where clothing is needed and supply food where otherwise the citizens would be in physical distress. This is one of the times in the life of this nation, in fact in the life of our present civilization where if we have a strong credit, that it should be used in this emergency to bring relief to thousands in distress. In my own state starting in 1931, we endeavored to follow a program of public works, for example, in an attempt to prime the pump in Massachusetts and to stimulate industry and to furnish employment. We enacted legislation for the appropriation of comparatively large sums of money in that year,—as a further means of furnishing actual employment and making distribution to the cities and towns for the relief of the unemployed. It is the same program which the Federal Government started to follow in 1932. While we were talking about priming the pump and you will pardon me if my remarks are somewhat rambling, I was too lazy to write out anything, I did not expect such a fine audience,—(Laughter). I thought we could just sit around the table, the fourteen or fifteen governors, and exchange our real convictions in regard to these questions and I find this more or less of a public occasion and it is necessary to at least put up a good front. Speaking of priming the pump, it took me a long while to comprehend the real significance of that very common comparison between the attempt to start business and priming the pump. I suppose they refer to one of those old fashioned pumps which we older men remember. One of those things where you made the handle go up and down. If you left it for a week or a month you could move the handle up and down for considerable,—well, forever and never get anything. (Laughter). When you left the home and the pump was going to become dry you were sure to leave under the table a pail of water and a dipper and then when you came back you took the water out of the pail and you poured it in the top of the pump and you went to work. If it did not work with the first dipper-full then you reached down and got another and poured it into the top of the pump and you always wanted to be careful that you got water from the well with the pump before you exhausted the water in the pail. Now the water in the pail in this instance is the credit of the United States. Or in your state, the credit of your state. The thing that we must be careful to consider is that we get industry of the United States into successful operation before the water in the pail representing the credit of the United States is exhausted, and the race at the present time, my friends and fellow

governors, is a race between the business interests of the United States and the credit of the United States,—that is that is the race if the allusion to the pump is a proper one and I am inclined to think that it is.

It would seem to me that in the consideration of any program of recovery it is necessary to consider the objective that we desire to reach when that recovery was accomplished. And the first thing that I should like to consider is the sort of government we are going to have when we get all through with this emergency legislation and I admit that I am a little bit old fashioned, in fact, not only admit it, but I am rather proud of it. I am the only old fashioned governor there is here outside of Governor Wilson, well I think I must include Governor Cross,—we come from that narrow moss backed conservative, bean eating part of the United States. (Laughter). But don't forget that we also come from that part of the United States, for instance, Massachusetts, that pays into the Federal Government, our people pay into the Federal Government four dollars for every dollar they get back even under the New Deal. Naturally we are interested in preserving, more or less, losing as little as possible of the old order. Even as Democrats we are in favor of that.

Now, what sort of government do we want? Mr. Cleveland said to show you how times have changed and the government has changed, I am not sure, in fact I don't think I entirely agree with Mr. Cleveland today, but this is what he thought of government. Congress has passed an appropriation of \$25,000 for the purpose of buying seed for the farmers of Texas. They had a dry spell down there. Even the New Deal cannot eliminate dry spells. At least I don't think they can, and they appropriated \$25,000, Congress did, and Mr. Cleveland saw fit to veto it. It was only \$25,000. I don't know as modern governors and presidents could even see figures as small as that. (Laughter). He said that he wished to teach the lesson that it was not the duty of the government to support people but it was the duty of people to support the government. In other words, the sort of government that Grover Cleveland believed in was a government which coordinated—furnished the beams by which the life of the citizen might be guided, a government which laid out a course and set up the light-houses but did not try to steer each individual craft that was sailing that course. A government which expected each citizen to live his life in accordance with the general principles and the general laws which the govern-

ment had laid down, and in order to police it along those very general lines the government was supported by the people.

We have gone a long way from that very simple understanding of the American government and yet it was under that very simple understanding of the American government that the American frontier moved westward and made possible the great cities of the middle west, the trunk line railroads and even this very beautiful hotel on Mackinac Island. The words "rugged individualism" have taken on a literal or sociological meaning or a political meaning and when I speak of a rugged individualism I am talking about the individual men having initiative enough and being sufficiently rugged to look out after himself, more or less, without the guiding and controlling influence of an extremely paternalistic government.

Let's say that the old order has passed, say that this emergency has brought upon us suddenly without expectation, a completely changed system of paternalistic government. Let's assume that for a moment; but let us pause and pay our tribute of respect to the rugged individualism of the past even though we know it is a passing or an extinct order and say for it that it was by reason of that idea that we are able to travel 120 miles an hour; that to the farmer of the plains has been brought all of the music of the past; that on the wings of the air the news of the world travels to every corner of the United States. Let us pay our respects to the Government and to the doctrine which made us, if not a completely happy contented and happy people, the most prosperous as has ever been today,—matching individual for individual of all the peoples of the world in any civilization, and let us pay our respect to it even though it is dead.

Now, where are we going. Is there anyone in this room who knows what is the objective? No generation of people have had such a splendid opportunity of viewing the different ideas of government. We had the Soviet of Russia, uncertain in its outlines but I think we can call it Communistic. Speaking of rugged individualism there,—in the world today, is there a more rugged individual than the Dictator of the Russian policy, Mr. Stalin? I do not know of any unless it is that rugged individual who apparently controls the destinies of the Italian people. I know of no two more rugged individuals than Stalin and Mussolini unless we add to that number Mr. Hitler of Germany. They are rugged individuals preaching the doctrine that they control the destinies of every

other individual under their control. I look upon Russia as an experiment. No one knows of what the outcome of that government will be. Let us admit that at the present time Russian government furnishes equality. It undoubtedly furnishes that with the exception of Mr. Stalin and his aides, and not quite the same as all the rest of the people. I have no doubt that that equality furnished a paternalism between those who are pledged to ask their government what they may do and when they may do it. You take the dictatorship of Italy and of Germany: the people of those countries are the children of their government; whether the objective is the same as Mr. Stalin's, the fact remains that the people of Italy and the people of Germany are under the dominating influence of a rugged individual who tells them what they may do and when they may do it. Well, is that the sort of government we want? You may want it but wherever the nation may be located or what the audience may be, whatever the occasion is my desire cannot be changed by that. My desire is to stick just as close as possible to the government which really made us a great and a prosperous and a contented and happy people. Difficulties? Yes. We will have difficulties just as long as we have men and women. You might even leave out the men. (Laughter). No government can be perfectly successful in my opinion, that ignores or even mildly discounts the diverse opinions, actuating motives, hopes, ambitions, jealousies, ambitions and dispositions of the people. We look somewhat alike under given circumstances; we act in a similar manner, but no two of us that are exactly alike. Even if we look alike we think differently. Any legislation which ignores those human qualities is a useless piece of legislation. That was the trouble with the Eighteenth Amendment, notable in its purpose, seeking to accomplish a result which would undoubtedly imbue the American people but we thought differently and acted differently and we, some of us, rebelled. And I was one of the rebels. (Laughter). And it did not work.

Now, I want to make myself clear in regard to the National Industrial Recovery Act as an emergency measure. In operation, in the time of great difficulty, and while there is an emotional coalescence of the people of the United States, willing and anxious to cooperate under that emotion, a perfectly good piece of legislation designed to eliminate from the industry, first what has been called the "chiseler." I don't believe you can eliminate chiselers except under the stress of emotion; after the emotion is passed the chiseler comes back to his own and I cannot conceive of the United States permanently enduring un-

der a permanent N R A and remain the Government of the United States which we have known and love. Let's see how it will work; already we find it does not work in some industries, they have eliminated them, because too many "chiselers" in the industries; the only way it could be made to work in an industry of chiselers was to have a policeman in every office. In other words as the rules begin to be broken the force of the government must come in stronger than ever in order to keep them in line to the terms of the codes which have been made by the executives not the legislative authorities of the government. In other words the grip must be constantly tightened under, in such paternalistic system of government, and there is no stopping place once you start until you have resolved yourself into a socialistic state. If you want a socialistic state, it is all right but if you don't want a socialistic state except as a temporary measure, it should be either greatly modified or eliminated from the laws of the United States.

That is not a criticism of our great President. There has not been a word from his lips that the N R A and its codes are to become a permanent part of the governing laws of this country; enacted as an emergency, it still remains as an emergency measure. I should feel inclined to yield to his great wisdom; whether I actually yield in my opinion today or not is another question but as a temporary expedient, crystallized under his powerful leadership, as an emotional movement to equalize the forces of production and distribute the profits to the wage earner,—fine. Under that emotion as a permanent thing it can lead only, my friends, to the socialistic state; perhaps not tomorrow, perhaps not in five years, perhaps not in ten years; but there is only one stopping place and that is the end of the road and the paternalistic government is in that respect a socialistic government, as a Hitler or a Mussolini or Stalin regime.

Sorry to differ with you on this N R A code business. I know of no industrial state in the list that has adopted a state N R A code system. We generally feel we do not want it. We would be quite content under present conditions without holding any brief for this method of approach as a permanent thing either, we would be quite content that we should gather together around the table if you will and go as far as it can in controlling its own troubles.

Now I want to say this: I do not believe if we are to preserve those things which have been the ideals of the American Government,—if the capitalistic system is to

be maintained, that it is possible in our day and generation, or in the next, to create a government and the laws under which it shall operate, which will guarantee for all times the elimination of the economic depression or even war. In fact, I don't believe that that can be done under any form of government and when that is accomplished, it will probably be the time when the last drum is sounded and the millenium has arrived. I do believe, however, that the cooperative efforts of nations and the enthusiasm of women,—I put them first,—will tend to greatly prolong by the sagacity of other nations, the periods of international and domestic peace. I believe that the goal of the American people is the stabilization of employment, of course, and the continued peace and contentment but I am not sufficiently optimistic to believe that that prolongation is to be made permanent even by the humanitarian principles of the New Deal. Again I refer you to the sentiments of men and their ambitions and their desires, motives and qualities of milling around together, and that it is the duty of the state where there is a reasonable unanimous opinion that holds down a course of morale and business conduct for the benefit of our people; in other words I go back again and state the objective of our government to be the marking of the general course. And I look out of my office window and I see a street full of people and vehicles on the corner and I notice a man in a blue uniform; when he raises his hand vehicles stop and the people wait and when he grandly beckons they move as he directs; he is a regulator of confusion; to his will the people readily yield because they recognize without exception that he is a necessity if you are to make any successful progress through the avenues of a congested city. Carrying the same illustration further to governments, by the common consent of the people, the government assumed a sort of regulatory control over the railroads of the United States, another example of a place where the government may step in and enact its laws that control a particular industry. The government prohibited these combinations which they said were in restraint of trade. It may be that in the next few years, perhaps we are there now, when by the common and almost universal consent of the people of this country further restrictions may be laid upon the conduct of individual business, but I believe we have reached a point where the act that is inherent in the National Recovery Act codes, may be placed upon our statute books as a permanent guide post of American business.

In the eastern states which are supposed to be so backward we have already under the leadership of Governor Winant of New Hampshire, adopted a plan whereby we may take out of the codes the regulations of labor in our various Eastern industrial states. I would like to get your state in there too because you are tough competition down there in the Carolinas. I don't want to give you any reason for not coming in but this is a New Deal, this part of it (turning to Governor Blackwood of South Carolina). We are to adopt, we have started already the adoption of an economic wage law. The people are ready for it and are willing that that should be a permanent part of the laws of our respective states. We are going to review our laws in regard to the restriction of women in industry—Massachusetts having been a leader in that respect. We are going to unite to a common end to eliminate forever as every American citizen believes we should, the use of child labor in factories. No one doubts the feasibility of that, I think. We have even gone so far as to be sympathetic with the National laws recently enacted by reason of which collective bargaining is recognized as a principle of business ethics. Those things are definitely permanent provisions once adopted, setting beacons by which the business of this country may steer its course without much fear that over night the rule or the regulation of a code may be changed by edict or word of an industrial dictator.

Perhaps you may say I disagree with the method rather than the administration—rather than the substance of the thing. This subject of the recovery program is a vast one. Just one part of it to which I make no reference and that is the agricultural program. I don't know whether it is good or I don't know whether it's bad. I would be presuming on your good nature if I endeavored to express any opinion on farming. I don't know anything about it, I never got any votes because I was a farmer. (Laughter). Some times I think I would like to be one but never have succeeded.

We have had the Conservation camps in our state. I think one of the finest social experiments, and it is an experiment, that has been adopted. In the first place there hasn't been any politics in them. One great benefit from it is going to be that these young men, many of them will form a liking for the country as against the city, so that our highways, wherever we build a good highway, may take the place of what they call the American frontier so that every new highway will be an American frontier where a man may locate himself on a few

acres of ground and have his own home and the older you get the more important you believe the home to be.

And while we are talking about that may I trespass on your time for just one more moment? During these very uncertain days the attention of the American people has been almost entirely focused, almost entirely upon the responsibility of government until we have come to look upon government as the sole preserver of our civilization. We have forgotten about home and I am afraid that we have forgotten about the church; important as government is in the regulation of the confusion that would otherwise exist among us. No civilization can succeed because it ignores otherwise the human element without the religious belief; whether you are strong in your faith or weak, if you think you must recognize that orderly society requires tenacious adherence to some form of religion that is a concomitant of the human mind. It is necessary to keep us in accord with the natural laws and to make us obey the rules and regulations which are laid down by the government, and the home is the atom of the whole thing and any form of government which ignores it must also fail. It is around the fireside the good citizens of America get their ideas and let us not therefore, place all our emphasis on government and what she may do as the great Father to break in any way either our religious conviction or our love for the American home. I thank you for being so patient. (Applause).

GOVERNOR CONNER: Well, we have heard from the West and we have heard from the East. Therein lies the value of these conferences. I come from the old South known for what we are pleased to term, its conservatism. I have very little difficulty in reconciling the views of the Governor of Massachusetts with those of the Governor of Indiana. The Governor of Massachusetts recognizes an emergency which necessitates unusual legislation: The Governor of Indiana expresses the view that this legislation is largely, will largely be temporary and so the East and the West are not so far apart this morning. It is not unusual to find the citizens of a government looking to a government during a period of distress for assistance and for help. As I read history, that has occurred always, from time to time,—As nations have passed through these periods of stress and depression, that come from time to time in the affairs of mankind and the government owes a definite duty to protect its citizens, to secure their welfare and to assist them when they are unable to assist themselves. We love the traditions of this country and we regret to see

some of the ancient landmarks vanishing and when government fails through orderly process to meet the changing needs, then resort is made to force. That is unthinkable in America. On the other hand I find myself very much in accord with the expression of the Governor of Massachusetts concerning the necessity for our people to realize that the government is dependent upon the people, the people not upon the Government. Governments are rather dependent upon men, rather than men upon governments. This is a very interesting subject but our time is limited. What is the pleasure of the Conference? Shall we have a discussion on this subject at this time or recess until afternoon? Oh yes, we had better go ahead with this program. The governor from South Carolina is going to tell us about taxation, the most vital and at the same time the most unpopular problem of government. I am pleased to present the Governor of South Carolina, Governor Blackwood. (Applause).

GOVERNOR BLACKWOOD: Mr. Chairman, this is I am sure a subject about which there will not be much difference of opinion,—taxation. I had almost lapsed into a receptive mood as I listened to these very interesting and illuminating addresses by the distinguished governors of Indiana and Massachusetts and was about for the time being, at least, to become a listener and a student and almost, may I say, delved into a new realm. I don't exactly feel aggressive enough to present this rather attractive topic. I have seen the time when I might have said something rather, something easier to an audience when I was in quest of votes for some office and very likely would have moved in that direction if I were disposed not to encourage taxation at all. That is a popular way to talk about taxes and it is about the only popular thing that can be said about them. I recall that down in Tennessee a few years ago when the late Robert Taylor was making his canvass for the United States Senate, the monetary question was to the front. Everybody was talking about some phase of the money question and Mr. Taylor was about to eulogize Tennessee and some fellow said, "hold on there, how about the money question?" He said, "yes, I am very glad you called my attention to that, I am very anxious that the People of Tennessee may know what I think about the money question." He said, "I am in favor of gold, lots of it, I think it will help us. I am in favor of a generous quantity of silver, that will help the silver" and he says "I have always been a believer in greenbacks." Then he said, "if that is not sufficient, we

should advocate a general sprinkling of counterfeit money." (Laughter) And when you undertake to talk about taxation you are tackling a problem that is hard to get hold of or if you get hold of it, it is hard to handle it. While you do have a hold of it, and it is very hard to turn loose. (Laughter). But inasmuch as I am here among my fellow countrymen and these gracious good women from all about over this section, people who would naturally be prone to forget shortcomings, I will attempt to sound a note or two, just a suggestion as might come into the mind of one who had been for a number of years making observations concerning the National Government and state governments and county governments.

It is fortunate, it appears to me, we haven't any more divisions than we have. There is the National and Federal Government, the state government, the county township, school district, city, town or hamlet, call it whatever you may. Those constitute the divisions in this country and yet they have been productive of multitudinous countless difficulty and aggravating revenue and taxation problems. Right now the average citizen will not hesitate to tell you that he is harrassed by bookkeeping, by accountants, by investigators, by difficult problems in the submission of his tax returns and that in some instances he is properly within the confines of some school district, some county or some city; that after the Federal Government has already gone its length in imposing upon him the tax burden, the local governments have made his situation almost unbearable. It is agreed or at least I take it for granted that it is, I am going to for the purpose of opening this discussion, assert that it is agreed that there is a lack of balance or a lack of adjustment, proper and satisfactory adjustment of the tax burden as it is now administered by the Federal Government. There is a very glaring discord between the systems that are maintained by the Government and the systems that are maintained by the States and other subordinate governmental units.

The Government has such unlimited power, the Federal Government, that it has not necessarily had to take into consideration the needs and the wishes of the States and in turn the States have had such broad and far flung powers that they did not have to take into consideration the necessities of the counties and the cities. Thus the problem has been aggravated and about this there cannot be any difference of opinion in so far as I know. The best authorities that I have had occasion to study on the subject of taxation, authors of text-books or scholars

and students on the subject, are agreed that mal-adjustment of taxes has in all probability contributed more power to our aggravation and discontent than the size or magnitude of the burdens of taxation. That the taxes have been so awkwardly distributed as among the Federal Government, the states and the subordinate units, that it keeps the people, the tax paying public constantly annoyed by what might otherwise become a very much more pleasant duty. We cannot, of course, in a brief time such as we now have at our disposal go into the avenues that might lead to a definite solution for the states or for the Federal Government but there are a few things that could be undone and could be undone quickly.

Whatever is to be done or whatever is to be attempted to be done ought to begin as I see it with the Federal Government, with Congress. The United States having in many respects practically all authority,—should undertake to co-ordinate the taxes or the tax problem between the Federal Government and the States. I would not attempt to say that there should at one and the same time be attempted a more elaborate program and at the same time try to reach the ideal of perfection of desired tax systems, going into all the functions of government,—attempt to ascertain the relative importance of the duties performed, of services rendered for which charges are made, and the comparative importance of the necessities of the different divisions but there is a line of demarkation that could practicable and reasonably be borne between the Federal Government and state Government and as I see it, it should be initiated by the Federal Government. Probably stimulated and inspired by the various state governments through their governors and the exponents of their government; that should not be a very difficult problem.

Now if that is true, if it is true that the Federal Government is in better position to collect taxes on some other basis of taxation, is in better position to deal with certain sources of revenue than the state government, while at the same time it may rest upon the Federal Government the obligation to recognize the right of the states to share in the proceeds of such taxation, that the Federal Government should undertake the levy and collection of such taxes and treat with the states in respect to the allocation of the proceeds. While on the contrary in many instances it is more easy, less awkward for the states to make the levy and the collection and at the same time it may be perfectly apparent that Federal Government should share in the results,—let the

states proceed in such instances, that would not be hard to determine, and if erroneous conclusions were reached in respect to how it should do it, and how the apportionment should be had, it would be one of the factors or issues that could be taken up at some subsequent time and thus we could be spared a great deal of annoyance. Whatever is to be done should be done promptly. If we are under a crying necessity for some adjustment between the Federal Government and the state government in this respect, the adjustment should not be delayed, it should be undertaken promptly. It should be pursued intelligently and it should be pursued with the most intent desire to attain the goal of fairness and justice and if that should be done there would come about a great deal of content in the realm of taxation and tax burdens.

I believe as I have listened to these discussions today and as I thought anew once more upon this important question, that there will never be reached the goal of consummate perfection in matters of taxation. It is impossible in a progressive world; it is impossible. In a progressive civilization, it is impossible but there are some things about it, about taxation, that are constant; there are elements that ought always to be present in the methods or systems that obtain in any of the divisions of our government, there ought to be a constant desire to attain equality of taxation and that carries with it the same elements that mere quantity or amount, quality of burden, burden imposed commensurate with ability to pay, commensurate with ability to pay, commensurate with opportunities and privileges enjoyed. Those are things that properly belong to any permanent taxation system but the administrative features must change in the shifting of the sands. I dare say that the best text books that have ever been written on taxation probably became obsolete or almost useless except for the fundamentals that it asserted within less than a decade. I doubt if the statesman lives anywhere in this country or any other, where he can discover and promulgate a system of taxation that would endure for more than a few brief years. It is a constant, ever present annoyance in the human race. It is a part of the labor of mankind, and toil is the destiny of the human race. We achieve all of our distinction, we reach all of our heights, by constantly struggling and moving along on the ways that have been unmarked, the ways that are unblazed and particularly at this hour, this hour so beset by uncertainty, and this hour so thickly attended by calamity and despondency in many respects. We

must move along and try to have faith in those experimentations that seek to lead us to some goal.

I don't know that the various states of the Union are having such great difficulty in fiscal affairs now as they have had during the last three years. I believe that most of them are emerging from the calm and have begun to see the light of hope and that they are constantly looking for a new day. It is so in my little state. Only three years ago we had many difficulties. I do not boast that I had a great deal to do with it. I had a fine general assembly doing everything in its power to bring relief to the tax-paying public and they brought all the patience, all the wisdom and all the faith and good will that they could command to aid in the solution of the problem. We came out as a state from a position of weak credit abroad facing a large deficit in proportion to the magnitude of our state and have already for two years past been balancing our budget and we are now about ready to move off on the cash basis and in the meantime exact pretty great sacrifice. It is a great struggle, we have maintained the institutions of learning, the schools, the roads and the things that go to make life bearable and tolerable and to offer some happiness and content to the people of the state.

Now I believe that we can have a great deal to do with our congressmen and our senators and that if the matter were called to their attention that there were glaring discords, that there was a gross state of mal-content all over this country, that might be adjusted easily by turning their attentions as a problem of legislation, national legislation, to the question that is involved there in that very narrowly constricted line between the states and the Federal Government. We cannot, perhaps, reduce taxes a great deal, but we can certainly let it be known that our taxes are going to be gleaned at the least expenditure of public funds. We can let it be known that efficiency is going to be encouraged because of an absence of duplication and lost motion; we can let it be known that we have this problem that is giving the people such great aggravation and annoyance, constantly in mind, and when that is done, there is a great deal more to do. It is very much like two individuals who met somewhere in some Eastern city along about the early days of the Christian Church. It is said that one of them was an Ethiopian and the other was a disciple of the Master and when he met him in a brief walk only a few hundred yards, he told him about religion. He did not tell him about the history of Christianity; he did not

tell him about the great philosophy and wisdom to be found in the Bible. He merely told him that there was such a thing that anybody could have, from his standpoint, such a thing as religion. I think perhaps if I could study it for a few days or a week, and concentrate on it, that I might see a great deal of light, from my point of view. I don't know that I could impart it to you. I could learn more about taxes. Anybody can learn it; it is a simple proposition. Why they all have talked about it so much,—why, they have been baffled and confused and cajoled on matters of revenue and taxation. The citizens of this country, the intelligent citizens and frequently the members of the legislature and congress and the United States Senate and governors, why they should have endured so much by way of misadventure and misunderstanding and known so little when so much could have been known in so brief a while, and by the expenditure of so small an effort, I cannot understand. I don't know really why it is I don't know more about taxation. (Laughter.) I just merely content myself to be among those who did not love to pay taxes particularly well and among those who, when I had the responsibility of absorbing the complaints that came in, to make as ingenious an explanation as I could and let the matter go. (Laughter.) That is about the way we handle it. But there is something we can do; there is something ought to be done and the beautiful and happy part about the whole matter is, it is something that can be done, and I believe that if brought to the attention of the people whose business it is to bring about these remedies, even if we, the Governors of the respective States and those associated with us in piloting the governmental affairs of our respective commonwealths, must be the ones to initiate the inspiration and the movement to bring it about. (Applause.)

GOVERNOR CONNER: We are grateful to the Governor of South Carolina for his splendid contribution to this program. When the history of these eventful years, is written, it will require many bright epitaphs to record the accomplishments of the several states of this Union in solving their financial problems. I believe we have had a real pleasure in that respect. At this time, the chair will recognize our host, the Governor of Michigan, Governor Comstock.

GOVERNOR COMSTOCK: Mr. Chairman, fellow Governors, Ladies and Gentlemen: I was scheduled according to the program to discuss further this question of taxation but Mrs. Comstock has a luncheon ready for the Governors and their wives over at the Fort in

one of the old officer's quarters where we are spending our summer and I don't like to keep Mrs. Comstock waiting. (Applause, laughter.) So I am going to ask the Conference or rather move that this Conference adjourn until after luncheon, say about two o'clock to take up the rest of the program that is scheduled for today. In the meantime and before putting that motion, I have here a telegram which just came from Governor Pinchot. (Governor reads telegram received from Governor Pinchot.) I will not read the resolution which is embodied in this telegram but I will turn it over to the Secretary for further consideration. We are sorry, I am sure, that Governor Pinchot has been delayed by the fog, that is the one thing that aeroplanes cannot overcome, the fog. I suggest we adjourn.

A GOVERNOR: I second the motion.

GOVERNOR CONNER: Before putting the motion, does the Secretary have any announcements?

GOVERNOR HARDEE: Mr. Chairman, on yesterday you saw the motion picture machine over here and the screen; that was for the purpose of giving an opportunity to some of the gentlemen who are here to show a picture just a few minutes regarding the danger of road crossings. Immediately after this meeting the Governors and others in the audience are requested to adjourn to the press room on the ground floor where a very interesting and instructive moving picture will be shown illustrating in a dramatic way the latest development in railroad grade crossings protection. The picture requires just eleven minutes to be shown. The press room is located at the entrance to the grill room on the lower level. Now if Governor Comstock thinks we could have time for that, that is really a very instructive picture as I understand.

GOVERNOR COMSTOCK: I am heartily in accord with the eleven minutes, eleven minutes now and at a quarter of one, I think there will be carriages waiting for the Governors and Ex-governors and their wives.

GOVERNOR CONNER: All right, the motion to adjourn seems to have been carried.

(Whereupon the morning session of the Conference was adjourned at 12:40 P. M.)

Afternoon session of the Conference at 3:00 P. M.

The Honorable Governor John G. Winant, presiding.

GOVERNOR WINANT: It is my pleasure this afternoon to preside at what is to be later an informal discussion on relief. We are going to begin that discussion, however, with an address from a representative of the Federal Relief Administration. I cannot introduce the speaker, however, without paying tribute to Harry Hopkins, whom you know is Federal Administrator as well as to the speaker and those others who have had charge of Federal relief. It has been my privilege to be in public life something like twenty years and I want to say that in all that time I have never had to do with a public official who in my opinion was more, was better trained for the job, who was more insistent upon high principles in handling public funds, a man whose integrity is above reproach, a man who in my judgment has built up values that have to do with relief work that have meant everything to countless thousands of American citizens, and in introducing Mr. Williams, I want on behalf of my own state to thank Mr. Harry Hopkins and Mr. Williams and those others in the relief organization for their great contribution to America in the time of great need. Mr. Williams. (Applause.)

MR. WILLIAMS: Governor Winant and Members of the Conference: I am particularly happy to have Governor Winant say what I feel is an extremely deserved and just tribute to Mr. Hopkins. I wish Mr. Hopkins were here to talk to you instead of me. He obviously could much more adequately represent the Federal Emergency Relief Administration than I can or anybody else, for that matter. You all know where he is, in Europe, and he is I understand now in Italy. I saw by the papers the other day that at that time he had had an interview with the Pope and came out and the newspaper boys as usual got after him for an interview and he among other things said he got a lot of new pointers; so I suppose when he comes back we will find out what they are. I hope he gets a good rest over there for I think he is going to need it.

I am just in a little quandry as to how to use this time. I certainly don't want to misuse it. I respect the fact that I am talking to people who are the points of approach to problems of the citizens in their respective states and I respect the fact also without magnifying it that I represent the Federal government in so far as its part in this picture this afternoon is to be played. I don't think that I want to take up your time to go over

an historical resume of what we have tried to do. I think most of you are pretty well aware of that and most of you have been intimately in this work. You know it from day to day, from week to week and from month to month. I don't want, I mean I certainly shall not engage in any apologies for what we have done. However, I have no apologies to make, neither do I intend to give any defense of it and it certainly would ill-become me to praise it. But I thought you would be interested if I gave something in the form of a statement, figures as to what had been spent, what the money had gone for and some of the problems that we have developed out of our experience in the last year, that we now face, as well as to discuss with you relationships with which we have with you, and where we are having trouble, where you are having trouble, and if possible at least to give you an opportunity to hear what we feel of some of our difficulties and our problems and then later on we can discuss them together.

We have spent a lot of money this past year and from my part I don't see anything gained to minimize either the number of people that have been helped, who at the present time must be helped, the size of the problem, its cost and its depth, how far it goes down into our present life and how all pervading it is. We have at the present time on our rolls 4,300,000 families. That put in terms of number of people affected runs something over 16,000,000 people. Those people are what we call open cases. They are the people who are actually receiving relief. There is another, possibly another million of cases who are not at the moment open cases but are potentially in need. They may be in need next week so that you have approximately 5,000,000 people who are in need of relief in and out of a month but you have approximately 20,000,000 to 22,000,000 of people who are in and out month by month, of their present necessities of life. Now there are 28,000,000 families in America twenty eight to twenty eight and one half, 29,000,000 families and this indicates that there is approximately one out of every six families in America who are today getting their livelihood and living out of the Federal and state funds.

Now last year the direct relief burden to pay for that in the way of money not including any of the other expenditures such as C W A was \$662,417,747.42. That ran over a period from June, it was not even a year, from June 1933, to March 1934. In addition to that we put into this same group this includes all money, this in-

cludes what the state put in and the county put in and what we put in. In addition to that the Federal Government also put in another \$1,000,000,000 for civil works including what the counties and towns put in in the way of materials. The counties of America put in during this same period through June 1933 to March 1934, \$40,869,000—no that is not correct,—I haven't got it here, I could find it if anybody wants it. From state and local sources during this same period the two factors about \$267,851,000 and the Federal government about \$394,566,000. That amounts to approximately 40% by the local governments and 60% by the Federal Government. Right there I should like to comment that I think the states and local government have done well, they put in money,—I think generally speaking all localities of states have done well. I think they have put themselves in many instances on the verge of bankruptcy; I think they have thrown into jeopardy their fiscal structures, their financial structures. On the other hand I shall come to this question later, I think that there are states that have not done fairly well by their own unemployed. They have been too quick and too willing to let the Federal Government bear the entire burden for them and as a result of that they have suffered, the unemployed in their own states have suffered, inasmuch as there was simply not enough money on the part of the Federal Government, not enough appropriated. You can get back of that and say some more should have been appropriated but after all that is not my part of the program. We have to take what we have and do the best we can in the way of dividing it. But there wasn't enough room for budgets in those states that refused to put up funds of their own which they could have put up.

This you know, generally speaking, went primarily to relief. It went to pay, it went in the form of cash or it went into groceries. There was very little of it that went to those things that you might call extraneous services. For example, last year in those months we put into surplus commodities and that by the way went into relief, with about \$35,559,000 to buy surplus commodities. That is this pork and cheese and cattle of all character. Now for that much put in we secured surplus commodities up to approximately \$100,000,000 which were distributed down into the states. That is not included in the amount of \$600,000,000 because that came out of triple A money and in many instances all we did was to pay for the shipping of it or pay for the purchasing arrangements that bought it or the storage and so forth. We put into the self-help problem \$680,000.

We hear a great deal about self-help problems,—you would think it was the whole business the way the newspapers work it out. As a matter of fact it is an awful small segment, just one of those things. For my part I am very sympathetic towards its being tried out and I don't like to see it cost too much because money is awful scarce and awful precious. It should not be wasted but I think that where a group of people feel that they can do better by themselves if they are given a little nest egg by which they can join together in making their way in this period, that they have a right to be helped and as a matter of fact, gentlemen, let me say to those people who are critical of it, and I don't again apologize for it, because it certainly has had some wonderful results in some places where they have gotten budgets for a month which is comparable to a \$60 budget, they have gotten it for its cost to us, around \$10.00 and for us that is good business. But let me say for those people that are critical that it is not a matter of this administration whether we shall analyze the budget. It is a matter of Congress having put it in the act that it was to be done and I think that in spite of some general rather bad situations that it has had some good results.

Then the educational program. This does not include that part of it which, mind you, this is up to March and does not include the \$18,000,000 that we put into the expenditures of rural schools, but up to March we put into that educational work \$4,497,000 and that paid largely for those six specialized forms of education: workers' education class and vocational and the leadership group and the nursery group and so on. Some of us are particularly interested in that segment of this work. It provides unemployed teachers with an opportunity to secure relief in a desirable form, that is through working at the thing that they have been trained to do; and at the same time, as in the field of workers education, it provides a real opportunity there for hundreds of thousands. The number was staggering last year, of the people that were in these classes. We had to have some opportunity to attempt a readjustment or to attempt some way to help them out of this situation. We also have a good deal of faith, a strong belief in such things as these nursery schools, and I say to you quite frankly that I am an advocate of the whole educational segment. It may be one of those frills that some people feel is a little too costly when you have such a tremendous need on your hands; but when we look at the number of people that it has helped and the average cost and the

average individual benefit, there is not much to support that argument, gentlemen, not very much.

Now, we put into the National Reemployment service \$261,000. I think that was good money well spent. I think the National Reemployment Service did some mighty fine work and we as you know continued to support it until last month. As a matter of fact we were putting into it up through the months of June, July, around \$70,000 a month and I only regret, the only regret about that having to go, was that it was not organizationally possible for us to maintain it as an integral part of the structure of aiding unemployed people. I think our decision which caused us to discontinue it, that it was not a unit of the Relief Administration any longer and had to do with things outside of it and we had to control the agency completely that put people to work. That is, we had to see that this man is in need, and must be given a job, and we could not turn that over to another agency that might pick another man. I wish we might have continued to maintain that organization because I think it did result in putting a lot of people with opportunities of work and I think it still is.

Now you may be interested in how this money was put out. I cannot give you from June to March but I can only give you here from July to April, July 1933 to April and I can,—I haven't got totals here; I will run over two or three months and you can get the picture. For example, in July last year, we expended \$30,969,000, that is Federal money, that was 63% of the total expenditure. Of that, \$2,000,000 went out in cash, \$500,000 in miscellaneous amounts and \$23,000,000 went for grocery orders, \$2,000,000 for shelter, housing, rents and \$1,300,000 for clothing, \$921,000 for medical care, \$612,000 for fuel and \$131,000 for furniture. You get the picture there of how relief money is spent and what it goes for? Now we come on down. We got a little bigger yet, a little bigger month, April 1934, there was an expenditure of \$51,000,000 during that month. That was 57% of the total expenditure during the same month. That is the states put in 43% during that month and we put up 57%, \$2,000,000 cash outright, \$2,800,000—\$33,000,000 of that went out in the form of grocery orders, \$4,000,000.00 went out in the form of shelter or rents or 9% went for rent; \$3,000,000 went for clothing and \$3,800,000 or 8%; \$1,700,000 went for medical care or 3%; 6% or \$3,196,000 went for fuel and \$211,000 went for household necessities. Mr. Chairman, probably, anybody will want to ask me any questions at any

time, I am not trying, I just want to talk to you about this. If you've got any questions at any time, I've got the figures and I will be glad to try to answer them because as I say, I have no interest except just to put some facts in your hands that help you to a little better see the situation that exists right along.

I don't know whether to talk on some of these points now or wait a little later. For example, here is the problem of cash relief, where we switch these tables so that you will not have \$33,000,000 going in grocery orders and \$2,000,000 going out in cash or shall we leave this so that,—In other words, here you get a picture of these people being asked to manage their affairs on the grocery order. You get a picture of American citizens who are asked to live on the grocery order. Now you know and I know that it is difficult for us to live on the check we go and cash, and keep within our income, even though it will be on the basis of twenty or if you please on the basis of fifty times as much as these people get in a month. And yet these people are asked to take a grocery order and manage their life and raise their children on it.

I might as well express to you my opinion on it and that is an awful bad thing to do. I think I can see cases where it should be done. I can see where people have obviously demonstrated their inability to manage their own affairs and the man cannot get home with the money; and giving him such a small sum in cash, that is the best thing you can do, give him a grocery order that the children will be sure to get something to eat. But I loathe the day when America will ask one-sixth of its population to live on a grocery order, and I think that the only decent thing to do for this whole segment of our people, gentlemen, is to give them the money. What right, I ask you frankly, what right have we got to say to anybody, "you don't know how to manage your own business"? Now you say to me, why don't you go on and do it? Well, it is not so simple. In the first place we find a good deal of resistance on the part of the fact it will cost more, it takes more money to pay cash out. I think it does. And that is the thing we've got to face, you Governors have got to face that because if it costs more money, the money has got to come from somewhere. Maybe it must come from Congress. But I must say frankly that a nation as rich and powerful in natural resources and wealth as this nation is, has come to a pretty pass when it asks one-quarter of its population to live off the grocery order.

This business of rent. You hear a lot about rents. You hear a lot about eviction and there are a lot of evictions, gentlemen, don't make any mistake about that. I think we are doing things to these people today that there is just no language to describe what we are doing to them; and one of the things I am concerned about is that the Nation is getting complacent about it. This thing is becoming chronic. It has been here now four years and I don't know that in another twelve months it is going to be good politics to take their side. You see what you got is, you've got three-quarters of the people that are doing pretty well, we are all sitting pretty nice, we got jobs and we got incomes; when we fall out of that income class, though, we fall 90%, 95%, 98%. I have had many of you tell me personally if I were to lose my job tomorrow, in three months I would probably be at the point where I had exhausted every resource. In other words, we follow the propaganda right down into the class of people who have nothing and that is what happens to everyone of these people that are in this one-quarter. The other three-quarters, they go along. And you don't see these people much, you cease to think about that, and as a Governor said this morning, the only irritating thing is that you are called upon to pay taxes to help them out. Of course it is an irritating thing, Governors, but the irritation is the fact that we have to pay it,—at least I think so. In other words, it is not pleasant anyway you try to do it. Paying taxes never will be pleasant.

Now, we are just giving these people enough to get along on. One of the things we say they can do without is shelter. Generally speaking all over America we found shelter as a valid item of relief. I don't know whether you Governors know that or not but that is a fact; we do not hold that a man needs a house to live in.

GOVERNOR McNUTT: Creating an intolerable situation.

MR. WILLIAMS: I am interested to hear you say that, Governor. We had taken refuge in the fact as in Governor Connor's good state had been, there was one billed me for \$25,000 for a house that we had our people living in over a period of months. Well, as a matter of fact we really owe them people some money, probably not that much. He probably had never collected anything like that but the point is that these people have been living in the man's houses. I only raise this question to say that we have got to find an answer for this. I don't think that we as a people can afford to continue

to have this many families in constant terror of eviction without doing something. That is ruinous to their character and to their future and to the future of their children. We have got to find the solution for this housing problem for these people. I am not talking about building houses, I am talking about shelter there right now. There are some states found the solution for it and so they got, they have taken the position we are not going to continue to treat the people this way, they have worked out arrangements whereby they refund taxes, for example, as a part of the rent, or they work it by another scheme whereby they grant a little cash along with the relief so that the man can go and deal with his landlord in spite of the fact that our percentage is only 9% in the best month that we show. And this business of evictions and lack of shelter, something must be done about it this winter. That is one of the real problems this administration faces and one of the real problems that you people face in every one of your states. Of course the obvious answer is the states and Federal Government ought to get into the business of making some houses for the whole vast portion of this population, but these people cannot wait until that happens.

As you all know we had not given medical care to amount to anything. We gave out of the total amount, we spent 3.6% for medical care. We have heard a lot from doctors on that. Now I think the doctors have got a case. I have a good deal of sympathy for the doctors so that I don't feel quite the same about this medical care as I do about rents for the simple reason that I don't know, I may be doing the doctors an injustice, but I think the doctors have always had to carry a certain amount of this sort of thing and they have figured on that. That is not sufficiently facing the problem of medical care for these people, gentlemen. These people have need of physicians and of medical care the same as you and I do. You know the panic that strikes your heart and my heart if our child needs a physician; we move heaven and earth to get a physician for him. Now these people are just exactly like you and I are. We're not one whit different. And there is the problem that we've got to face. What are we going to do with this medical care? I think we all got to come to the fact we got to put more money into it.

Let me speak of one thing on that medical care; our bulletin number seven is based upon this one simple old time arrangement that the doctor,—that what medical care we do should be done under an arrangement which

is based upon the family physician relationships. That is to say we definitely put ourselves in record in saying that if you need a doctor for an unemployed person let the unemployed person pick the doctor he needs and we will pay the doctor. Now that's all right. But here is what happens along that line. We have had trouble in getting together with the doctors. The doctors want fees that are beyond us to pay. I don't find any fault with the doctors. They ought to have those fees where people can pay them, but we cannot pay them unless we pay, unless we take part out of the mouths of some of these children or else get more money. Now we have gotten better medical care, and I realize the seriousness of what I am about to say but we have gotten better medical care where we have hired physicians to do this particular work and have had them full time for this work.

GOVERNOR McNUTT: They state that that is state medicine.

MR. WILLIAMS: They say that is state medicine. The question comes, are you going to get wrapped up in a lot of theories here or are you going to get medical care to folks like you and I who are desperately in need of it. You are confronted as the old saying is, not with the theory but a fact and I want to say here just as a foot-note to this whole thing that as far as this administration is concerned we are concerned with just one great central thing, and that is trying to get the best and most adequate care to these unemployed people. I don't say that for any heroics or anything, that is just simply our day by day job that we have got to do. The question is how to best get this thing that they need and I want to go on record in saying here that wherever local administration, state administration say they want this question of correct medical arrangements, for my part I shall do everything within my power to assist them and aid them in getting whatever is the best arrangement and the most effective thing for the people who are involved.

GOVERNOR CROSS: How about clinics?

MR. WILLIAMS: I think it takes the same thing.

GOVERNOR CROSS: We started one in New Haven, you know.

MR. WILLIAMS: I think it is the same proposition.

A GOVERNOR: Receiving any aid?

MR. WILLIAMS: If you don't get this medical care we are going to inherit a generation of people who will be tubercular, who will break down mentally and who will be a burden to the Federal Government, unless you can get the Federal Government to go into the business to care for the state wards in the future. One of the most serious things that confronts us in this whole situation, gentlemen, is the potentiality of weakened individuals for the next twenty or thirty years; for instance we made the study in one city of school children that were under-nourished, and we found of all the school children 22% under-nourished, and that 66% of those 22% were tubercular at that time.

GOVERNOR CROSS: What age?

MR. WILLIAMS: Up to the eighth grade. They were incipient tubercular, 66% of the 22%.

GOVERNOR CROSS: We are taking care of them.

MR. WILLIAMS: That is just fine, that is exactly what you ought to do. On the other hand let me say this too. In a city like Mayor Haan's city in Milwaukee, the health commissioner there, Dr. Keller, if he is still there, indicates by study that the children who were on relief, I may be wrong on this you know that has been two years ago, showed better nourishment than the normal run of children, which they would say is an argument against my cash relief position, you see? I won't say anything about fuel, household necessities. I have only one thing to say about household necessities. You all know we have gone into the mattress business, at least—well, we are going to make a few mattresses out of some of the surplus cotton coming from Governor Blackwood's country down there and Governor Conner's. I don't know how many we will make. We may make a million, maybe three million, maybe four million. Our study shows the average family needs desperately, one, maybe two, maybe three mattresses. One of the ablest men I know in public life told me he is willing to wager that one out of every four families living in the rural areas in his state hasn't got a mattress to sleep on. If you go to furniture people they will tell you that nobody amongst these people are buying any furniture at all, and I spent four years there.

I cannot find it in my heart to turn down these millions of families that need something decent and adequate to sleep on. I may be making a mistake, I think they need other kind of furniture. Well, that is the sort of thing our money goes for, your money goes for. I suppose as

long as we continue this direct relief work that it will continue to go for just something of that character. I feel very strongly, gentlemen, that we have got to spread this thing out. We have got to include more of the necessities of life and in the future some way and some how give these people a normal amount of aid including more of these things than we have been able to do in the past.

GOVERNOR CROSS: Of course, Mr. Williams, you should have told us about some of the people sleeping on those cheap mattresses.

MR. WILLIAMS: Well, I don't know so much about that. Now I want to talk about adequacy of relief. As I figure a little bit, we are writing a record here, and it is written, it is being written, and I think there is some value in us knowing what it is. I wish I could give figures to you a little bit closer down but I haven't got them but just up to April. It is awful hard to get this stuff and it would require a tremendously greater force than we have got to get them up in a quicker way. I will just run over a few of these states. For example in Maine it is a very high one, relief for the state as a whole was \$37.69 a family in April, for the principal cities it was \$28.00 for the whole state; \$24.00 for the remainder. In Vermont it was \$14.00 and \$13.00 for cities. Let me say in some ways we have got to be careful on these figures. I think in the particular state of Vermont you have to because I am not at all sure that was included in there.

GOVERNOR CONNER: I don't believe it could have been.

MR. WILLIAMS: If it had been it would have been on here. In Massachusetts \$28.98, that is potentially a better program and hasn't anything to do with the farm relief. But the farm relief does not supplement that, the two are separate. In Kentucky \$24.31 for the state as a whole and \$29.00 to principal cities. In New York it is \$44.00 for the principal cities and \$41.64,—now I know that represents the total figure, of course you get in New York, you got the state that is really matching the money. New York is putting up 50%, putting up \$18,000,000 a month and that all is lumped together. Well, Governor Pinchot, I heard his wire this morning.

I am sorry he is not here because I think that issue might well be taken up and talked about, quite a lot of other issues which would be well to talk about. The state as a whole \$22.40 and the cities \$23.00. One rea-

son is we have been paying the whole bill up there for the last few months. Pennsylvania had a good record last year, not so good this year.

GOVERNOR CROSS: Bankrupt.

MR. WILLIAMS: Pennsylvania bankrupt, you might say so; if the relief official asked them about their finances, they would not say that at the Chamber of Commerce meeting.

GOVERNOR CROSS: That is practically what they said.

MR. WILLIAMS: No, very few states bankrupt. I only know of one. Well now they say we are giving all this money to the South. They say that because it is a Democratic administration and that we are pouring this money into the South. Well, let's look at the South a little bit. In Virginia, the average relief per family is in April \$5.69 for the state as a whole, and the principal cities it was \$8.50. In Kentucky it was \$6.04; for the cities it was \$19.27. In Tennessee it was \$6.49 and for the cities it was \$8.27. In Louisiana it was \$21.64 or in the principal cities \$27.92 and I could go on down.

(A VOICE): Illinois.

MR. WILLIAMS: Illinois is \$22.00 for the state as a whole and \$30.22 for the cities.

GOVERNOR PARK: Missouri.

MR. WILLIAMS: Missouri is \$13.00 for the state as a whole and \$20.72 for the cities. In Indiana it is \$16.15 for the state as a whole and \$18.18 for the cities. Wisconsin is \$20.00 for the state as a whole and \$24.54 for the cities.

(A GOVERNOR): Include in all these figures administration costs?

MR. WILLIAMS: That is the total money we have recorded to us.

(A GOVERNOR): Ohio.

MR. WILLIAMS: Ohio is \$19.23 for the state as a whole and \$21.88 for the cities.

GOVERNOR CROSS: District of Columbia.

MR. WILLIAMS: District of Columbia, you want to see whether we are partial to them. (Laughing). I would like to tell you what we have done to them recently. The District of Columbia \$35.71. That sounds bad, doesn't it? Of course, at that time, Governor, they

were putting in 50%, since we have had to pay the whole bill it has unfortunately been very much lower.

GOVERNOR PARK: What is the proportion of the administrative costs?

MR. WILLIAMS: The administration costs? I am very glad to have that question asked. The administration cost for the year, total for the counties, \$41,000,000 and the states \$4,700,000 or approximately \$45,000,000. And for our Federal Administration about \$300,000 for the total Federal Administration or approximately \$45,000,000 all told. \$45,000,000 in its ratio to \$662,000,000, I would say about 8% to 7%.

(A VOICE): About 7½%.

MR. WILLIAMS: 7½ that is \$7.50 out of every \$100 went for administration. I have no apology to make for that. I think it is all right. I think it is a fair figure. I don't think you could safe-guard sufficiently the public funds for much less than that.

A GOVERNOR: It includes service?

MR. WILLIAMS: It includes everything.

A GOVERNOR: Social service?

MR. WILLIAMS: It includes everything.

A GOVERNOR: Expenditure includes social service.

MR. WILLIAMS: Yes, when I use the term administration, I mean all the overhead cost.

GOVERNOR McNUTT: Except the relief itself.

MR. WILLIAMS: Except what the people get. I think I want to say this that we put civil work on the backs of these counties too and they did a great part of the civil works job, I wish now we put a little more on them.

Now gentlemen, this adequacy of relief raises the fundamental question of its uniformity or lack of uniformity in the states. I would not be fair if I neglected to state to you gentlemen that that lack of uniformity is due entirely to the conditions of state participation. It is not due entirely to that but I do want to say to you very frankly that those states that are getting most adequate relief are the states putting in money of their own. That is perfectly obvious why that would be; just as natural as anything could be. If you put money into the pot more money will be put there. I don't want to say on the other hand that we deliberately penalize states that don't put up money. That is against the

President's fundamental position which is nobody shall starve, will not permit you to do that, but it is natural that a state exerts every effort it possibly can to do fairly and rightfully the thing it ought to do. Furthermore if you were to get exactly the same percentage you would have more money to give the unemployed because you're putting something up on those people that kick about the high cost. In New York, they've got to remember that New York is putting up a real sum of money. It will put up this year approximately \$180,000,000 into the relief pot itself.

Now, here is what we are faced with on that. We are faced with the cities putting in less and less. The cities put in 17% this year, 1934, and the states have put in 24%. The reverse was true last year, the cities putting in 29% and the states were putting in the difference between that and 44%. Now the tables have turned and the cities are unable to put up as much as they did. The states are putting in about what they did before. It puts the balance over in their favor. Then we have secured thus far this year about \$198,000,000 from states and local municipalities. I think the rest we will get at the end of the year will probably be about equal to what we got last year but we would have to put in a great deal more this year than last year.

Now then, the problem that confronts us is a real problem; what attitude should the Federal Government take towards the states?

GOVERNOR McNUTT: That raises two questions which I should like to present.

MR. WILLIAMS: Go right ahead.

GOVERNOR McNUTT: Does the Federal Administration contemplate considering employables and unemployables, extending Federal aid only to employables, asking the state to care for the unemployed?

MR. WILLIAMS: That question is one, Governor, we had up recently.

GOVERNOR McNUTT: I knew that. I wondered if the answer is ready.

MR. WILLIAMS: No, the answer is not ready. We have taken that position in several states, though; we have taken that position in Massachusetts. We have said to Massachusetts, we will put so much money up and that will be the amount which we will put into the unemployment pot.

GOVERNOR McNUTT: All right. When that position is taken does that mean that the Federal Administration will furnish a 100% of the cost of relief for the unemployed or does it mean that it will furnish approximately 60% of the cost of relief for the unemployed leaving the state to undertake the other 40% as during this year?

MR. WILLIAMS: To answer that question, I must first observe we are not taking care of all the employables at the present time.

GOVERNOR McNUTT: Yes, I know, I see.

MR. WILLIAMS: We would do this, I think, Governor, we would say to Massachusetts what is a fair share of that part of the unemployed load that must be taken care of, which the Federal Government should bear. And we tried to, within range of our funds, put that much money into it. For example, in Indiana, if we came to that proposition we would very quickly say to you, you got so many unemployed in the state, you have this many on your relief roll, you got 60,000 on the relief roll. Now our field representative, Mr. Hopkins and your state director and you get together. You say, well, there is 40,000, 20,000 are employables and you make a proposition to Mr. Hopkins that this amount should be taken care of at the rate, say \$40.00 a month or whatever would be agreed including material.

GOVERNOR McNUTT: Of course, the important thing is this. These levies are to be made next month. We should know what the attitude is going to be. The local levies are to be made next month.

MR. WILLIAMS: That's right.

GOVERNOR McNUTT: Now, then, that is one factor and the other factor is the action of the general assembly which will meet in January. There is some time for that but not much time for this other.

MR. WILLIAMS: Well, I think the only answer I can give you at the present moment, Governor, is no such policy has been established, and that until it is established it will, what we are doing at the present time will obtain.

GOVERNOR McNUTT: Should be two sides to this levy problem, the taxpayer and the local unit will be there before the board asking that the levy be reduced.

MR. WILLIAMS: Oh, yes.

GOVERNOR McNUTT: To its minimum.

MR. WILLIAMS: Oh, yes.

GOVERNOR McNUTT: On the other hand if we know the policy, know what we will do, we can go to the community and say that the first consideration is the care of the poor in this community, the indigent or the unemployed.

MR. WILLIAMS: Yes, M-h'm.

GOVERNOR McNUTT: In other words we will have to off-set the arguments of those who look upon the low levy as the only consideration.

MR. WILLIAMS: Well, I think that there is no uncertainty on your part. If there is let me clear it up right now. That it is the President's attitude, he has so repeated it and stated it on many occasions that each state is expected to pay up to its full ability towards the aid of their unemployed and while we have not taken the position that unless a state did pay that we would refuse to put any further funds in—we have attempted to get the states to recognize what is their moral responsibility towards these people.

GOVERNOR McNUTT: That has been recognized, no question about that, but if we had the policy,—of course we can go into the community, that is no answer to these people, these accusations.

MR. WILLIAMS: No, but it ought to be an answer.

GOVERNOR McNUTT: Well, but it isn't. They refuse to look at facts.

MR. WILLIAMS: In other words, they want to force Mr. Hopkins to use the club of denying to the states relief. I am not here to say to you how we would do that, within the next three months. It may be necessary to actually force it. There are four states since he left, I have taken the position that they had to work out arrangements that would be satisfactory to us from the standpoint of putting in a fair share of the cost. What is going to be the consequence of their absolute failure to do anything, I cannot say. This thing finally comes down to whether or not the Federal Government and the states are going to let a lot of people out here starve. And you know and I know perfectly well that no government can stand up against that.

GOVERNOR HORNER: I just wondered what that club would mean in the future, that's all.

MR. WILLIAMS: Well I was very happy this morning to hear Governor Blackwood say that he thought a good many states were in better financial condition than

they were a year ago. That is very helpful. They ought to be able to pay a larger share towards the unemployment relief.

GOVERNOR HORNER: Where do you go to get your information?

MR. WILLIAMS: We have had people especially for that purpose like Roy Blair; he goes into the state and he makes a study of the tax arrangements and the income and the tax delinquencies and everything else, about seventeen or eighteen industries of government that indicate the ability of the state to pay anything. There is only one state in America that is unable to pay anything and that is the State of Arkansas. Of course, I doubt, I think every other state in the Union is able to pay something towards it but, gentlemen, you must remember every dollar of this money is borrowed that we are paying and you as citizens of the United States cannot look upon that with complacency no matter how large the power of the United States may be in your estimation, and mine, to raise money at the same time.

GOVERNOR BLACKWOOD: In those situations where there will be no legislature convened for some months together, where the states are powerless, they haven't any machinery by which they can lay hold of the money; of course, the program proceeds pretty much as it is.

MR. WILLIAMS: Every Governor can call a special session of the legislature, can't he?

GOVERNOR McNUTT: That is easy enough to say.

GOVERNOR BLACKWOOD: That is pretty hard if he wants to take his chances.

GOVERNOR McNUTT: Have you ever had one on your hands, Mr. Williams? (Laughter).

MR. WILLIAMS: No, I haven't. Never been a governor.

GOVERNOR HORNER: Getting back to the question, the certainty of the people of the state of raising money.

MR. WILLIAMS: Yes.

GOVERNOR HORNER: The ability of the states to raise money.

MR. WILLIAMS: Well, I think any administration would be guilty of failure on its part if he did not give

proper consideration to those people who are just as you say, local and state officials. But having heard all sides, the final authority is, of course, Mr. Hopkins, and beyond him the President and whatever they decide you might say that is final. And they have these people to help them.

GOVERNOR HORNER: Rather a futile effort to have an expert who knows a little * * * * without getting the reaction at least to know the condition in the respective states. There is danger of that in one man in a very important problem of that kind. Of course, the states have got to be fair and have got to do their utmost.

GOVERNOR McNUTT: I think we did recognize that and the state must do its part.

MR. WILLIAMS: Yes.

GOVERNOR PARK: What is the nature of the whole thing?

MR. WILLIAMS: The nature of it right now is, Governor, that it is on our hands.

GOVERNOR PARK: Are the number of dependents increasing or decreasing?

MR. WILLIAMS: The number today is approximately not more than it was a year ago.

GOVERNOR HORNER: To what is that due in your judgment, Mr. Williams?

MR. WILLIAMS: I think it is due to the gradual exhaustion of more and more people and their relatives and that is one factor. Another factor is I think more people are willing to accept relief today than there were a year ago.

GOVERNOR McNUTT: Yes, a year ago like going to the poor-house.

MR. WILLIAMS: We tried to make the relief so that a man's self-respect was not ruined by asking for it and by doing that it has made it possible for a larger group to come. Then the civil works had something to do with the increase on the part of the people to accept aid from the Government.

GOVERNOR BLACKWOOD: I think it had a great deal to do.

MR. WILLIAMS: For my part I am glad that the civil works lifted the level of relief. I think that figures

will show that we as a Nation are doing worse by those families being on the relief lines. We have had some studies made recently and I have some figures here that some of you will be interested in. For example, in the field of charitable agencies, I want to say if you go in that a little bit, Governor, in the year 1925, the total cost of local government including state government was \$1,615,000,000 for the entire United States. In the year 1931, it had increased to \$2,509,000,000, not including the Federal Government and state and local government. Now the expenditure for charitable and local aids of all character in the same year, 1925, was \$169,000,000 for all states and counties in America.

GOVERNOR HORNER: Their welfare?

MR. WILLIAMS: Yes, \$169,000,000, and then in 1931, it had increased to \$230,000,000, you get an increase, total cost of government 55% and of these institutions, of 36%. Now what you see is this, though, you see that following the depression the general cost of government is reduced by 20% and these institutions are reduced by 60% even though they have not increased during those fattened years to just about thirty-four fifty of the increase. We find in state after state where they got local provision of old age provision, and aid to dependent children and neglected children, that they are doing very little about it. In other words, Federal and state heads under F E R A arrangements are taking the catch-all of all kinds and I should judge in the place where we got 55,000 to 60,000 on unemployment relief, our studies show probably 15,000 of those people that are not due to unemployment but are there as a result of other causes such as old age or some other factor.

GOVERNOR BLACKWOOD: Would have been there at any time.

MR. WILLIAMS: Would have been there at any time. Now, Senator Long blew up the other day when I told him that was a normal state charge. I don't know what you gentlemen think about it but I wanted to make this comment. That the Federal Government has got no business doing anything for anybody that is mentally sick. We have got no way we can provide any social treatment for those people. Anything we do for them is bound to be bad. By giving out the straight dole to those kind of people, you hurt the situation and help nobody. The same thing is true with most of the folks physically ill, the Federal Government has no business

having those people on its rolls at all. When you get into this matter of wages and old age, I don't say the Federal Government has no business helping with this problem; there ought to be a Federally supported thing. The Federal Government ought to figure putting so much in wages and so much in the old age but the point is that Congress never had that in mind when they set up this money, you know, and the only reason they got this money through was because of unemployment.

Now, how far shall we go? That is the question. If we issue an order tomorrow saying that only employers are to derive a benefit in this unemployment, then I am as sure as I am standing here that whoever issues that order,—I know myself before Mr. Hopkins gets back that I shall sign the death warrant.

GOVERNOR BLACKWOOD: I will tell you a dangerous and delicate line that presents a lot of trouble, and that is the matter of wages. You see, you know, we tried to take care of the wage standards which is an admirable thing to do perhaps.

MR. WILLIAMS: Yes.

GOVERNOR BLACKWOOD: But if you give somebody that needed work four or five days at a small wage you know that would take a lot of them that get on in spite of us, don't you know, that kind of trickled through.

GOVERNOR HORNER: As a matter of local,—

MR. WILLIAMS: Governor, you've got me on a tough spot.

GOVERNOR McNUTT: Not the first time.

GOVERNOR BLACKWOOD: You see that point.

GOVERNOR CROSS: Some cases a man won't work. A man gets five dollars a day and won't work, well, I say no relief for that.

MR. WILLIAMS: Let's talk about the wage thing.

GOVERNOR CROSS: I want to know what you would do about it.

MR. WILLIAMS: Well, Governor, nobody accused me of not telling them what I think. We got a lot of criticism on that CWA, gentlemen. One of your good congressmen used to come up and see me every other morning and wait outside my door until I got there. I enjoyed him. Now, let us examine that a little bit.

We paid out \$750,000,000 for wages in civil work. We paid that out, the peak of those employed on January 18, when we had 4,431,000 people employed. The highest wages reached for that whole C W A was \$14.80 a week. That was the highest. The average was \$11.30 a week. Now if you add that up and cut it by the month and then cut it by the year you are asking people to accept a wage that pays them around \$412 a year to live on. Now, that is about 1/3 of what we call the American standard of living and about 1/5 of what the American Federation of Labor calls the standard of living. Now let's examine this other thing. They said we paid out a lot of wages, \$1.00, \$1.25 an hour and so on. I want you to get these facts; we had, 2.3% of all of our wages were over sixty cents an hour, 2.3%, I cannot give you the exact figures but very small amount an hour, the average wage we paid around forty-five cents an hour. Now, let's examine this other proposition that we are ruining these people.

GOVERNOR BLACKWOOD: Understand I did not say so.

MR. WILLIAMS: No, I want to think out loud. I know you are on the spot. I know what they say to you, Governor, they come to you and say, "look here, Governor, the damndest thing that ever hit this country, you cannot get a Negro to come anywhere." Governor Conner will recall they had me down there one day in the corner and I just felt like I had ruined the cotton crop. Now here is the truth about that. I went over in Alabama after I left Governor Conner that day and I said, gentlemen, we are going to have a show-down on this thing and I told our workers, "I want you to go in there to the main cotton counties of Alabama, I want you to go to every cotton planter and find out how many people he needs, he can hire." They came back after twenty counties, there were 293 that people wanted they could not hire. I want to say to you all frankly, gentlemen, after twenty months of honestly trying to sift these things through because the President is not willing, he is not willing for any of these Federal agencies to be the direct cause of getting industrial failure, he simply will not tolerate it and stand for it and we are under obligation to show conclusively that what we are doing does not actually break down industry and I want to say to you after twenty months trying as honestly as any one could with the President, that it is my firm conviction that we have not hurt any private industry. We have not hampered agriculture but to the contrary, we have

raised the standard of wages in a great many communities by our holding to the standards we set out with, and have thereby conferred a direct benefit upon those communities and especially upon my own South which is of very great significance.

Now our administration will not agree at this time, I hope it never will agree, to pay a wage of ten, fifteen or twenty-five cents an hour. I certainly will loathe the day whenever this administration forces people to work for that sum. Not some, one, only one has been willing to let men work at it and in order that none of you think any of these governors are here, I will tell you he is not in office at the present time, he is not a governor.

No, that program, gentlemen, as far as the wage scale is concerned, is predicated upon the old idea of poor relief. It is predicated upon the idea that there is something wrong about the man who goes and asks for aid. That thing still sticks in our craw. We still believe fundamentally, in the whole, in the idea that the poor-house should be next to the county work-house and that people who are poor and are on the country roll have done something wrong. We have got to get it in our heads that a revolution has occurred in this country and that it has made for massed production on such a scale which has put millions of fine working people out of jobs. And they are not poor people in that sense of the word. They are upstanding skilled artisans, fine citizens. In the name of God, we cannot treat those people like they are paupers. They are not paupers. They are honest, hard-working people, only need a chance to earn some money for their children and I think it is one of the great achievements of this administration,—I am not here to discuss this administration but that it has put forth its efforts to aid these people out of the old poor relief level.

Now, I want to approach one other subject and then I will quit and if you want to discuss it any further, you can. As you see, I could talk on here all night long. I wish we could stop this direct relief. I wish we could do what you intimated a minute ago. I wish we could put it all on the work basis. There is something to that, about giving a man his living, it clashes with everything that he has ever been a part of. Only his father gave him things; only his mother gave him things and when an uncle gave him something it even somehow seemed to put him under obligation and it just was not a part of his life. We start out by giving him something; don't let's fool ourselves in this situation. My God, it is not

time to be fooled. You and I by virtue of fortune and otherwise have been put into positions of vital responsibility to these people's lives. Our position is aiding them to continue to be strong industrially, work well and industrious citizens and not breaking down the best stuff that is in them. Now I know this thing is happening and you know this thing is happening. I want to tell you about a little incident that happened one day. A little chap came up to me and wanted a dime to go to the moving-picture show. I said to him, it was about ten o'clock, and I said to him, "what you need to do son is to go home and go to bed". But I got talking to him and I said "what does your father do." He said, "well, over here on relief." And he said he worked for what he gets. As quick as he told me his father was on relief, he immediately informed me that he worked for what he gets. Now we are raising a whole generation of people that are on relief and they never saw their father have a job even. Just like the child the other day, the father called me and just wanted to tell me the baby two years old is seeing its first rain. It is difficult for us sometimes to grasp all these things that are going on of which we are a vital part of, we are a part of the deciding factors in it.

Now we started civil works last year. There is an awful lot I should like to say about civil works. I shall not go into great detail. I think civil works was the most adequate answer that has yet been tried to assist the unemployed people through this period. I think that attempts were made to discredit it on the basis of graft and the basis of inefficiency were largely political in character and were inspired by people who were determined that that sort of a thing was not to succeed. First from the standpoint of politics and second from the standpoint of expenditure of public money. They resented an attempt to actually pay these people on a competent scale and I don't agree with them. They put their cards on the table. They said they are opposed to a spending policy that gave these people seventy or eighty million dollars a week. There was no disguising of their position but as far as it being a failure, instead of being a failure, it was probably the greatest success and that was the trouble with it. It was too great a success, it too effectively met the issue and met it quickly, it too effectively raised the morale of these millions of people and gave them an effective answer, the first and only effective answer that they ever had and time and time again men stood up with the check in their hands and that they worked for and said here was a

check honestly earned, the first one they had had for years. The only answer to this situation gentlemen is some form of work. It is some form of work that puts these people to performing a useful task, pays them a wage for doing it and a man must go through his innermost life in order to get a little help. You know and I know everything in you and me resents that arrangement. We have got somehow to develop an arrangement that will lay this matter out quickly and effectively in terms of regular work and regular wages so a man can come and get it on the simple basis that he is unemployed. Of course, if he has a great income, you will find that out sooner or later. We did not have any trouble weeding out a few chisellers in states where we went at it. We did not have much of it and relief as we are handing it out is no answer to these people's problems. It is neither adequate nor is it the kind of arrangement they want and you and I are a part of that arrangement in building up a resentment on the part of these people that should give us the most thoughtful consideration of what we are getting ready for ourselves as an inheritance.

I want to say this one final word, gentlemen: this has been, I say this with all modesty, it has been the greatest year in some respects that I have ever lived and I suppose the greatest year I will ever live. It has been a great privilege for me to come to know state after state and their officials, to come to know the fine qualities of people generally who live in these states and to find that the men who wanted to do wrong are the exception and the people who wanted to do right and to deal fairly and squarely with you, put their cards on the table. I have this one abiding feeling, that the most important thing that lies before us in the next twelve months is how we handle this problem of unemployment. I hold no attitude of calamity that overhangs us. I don't mean even to suggest that. But I cannot conceive of a nation that allows one-quarter of its people to sink into depths of despair and degradation being able to meet the problem of its own existence and I don't compliment the fact of my being with this particular administration by saying that. I think that all thoughtful people will agree that it is the most vital problem that we have got on our hands. I want to say in behalf of Mr. Hopkins and this administration that we do appreciate what the governors have done. We appreciate that after twelve, after twenty months, that only three states that are not still with us, cooperating and working harmoniously. There have been times when I suppose you did lose patience

with us and I speak now of all the states in the Union and when we lost the patience with you and I have no doubt there will be times in the future you will lose patience with us and we will lose patience with you. I do say this and I believe you'll believe me when I say it that Harry Hopkins has no axe to grind and that the people he surrounds himself with have no axe to grind. They are trying faithfully to serve the President of the United States in the task that he has got on his hands in trying to lend their efforts to give recovery to this Nation. I should be glad to answer any questions. (Applause).

GOVERNOR WINANT: Gentlemen, you have heard a most helpful discussion of Federal relief. I am sure in the minds of all of us there are questions not only having to do with the relation of states to the Federal Government but also of states to their own subdivisions of government, and I will await your pleasure to ask of one another, of our speaker for this occasion, any questions that you may care to ask.

GOVERNOR COMSTOCK: Mr. Williams, the Federal Government in putting these funds into relief charged them to the government of the states to which they go. In this state and in several other states there seems to be a tendency through some reason we don't go into a discussion upon, to question the honest expenditure of these public funds for relief that comes partly from the state, partly from the National Government but all go through the welfare agencies. In some states I understand there is a tendency, it is so in my state, to have a grand jury look into the question. Now, it is my understanding, this is what I want to check up with you, that the Federal Government in spite of the fact that they, that it charges those funds directly to the governor of the state, indicate, and does as a matter of fact periodically now check into those with its own auditor to see that the expenditures have been honest and proper. Is that right?

MR. WILLIAMS: That is right.

GOVERNOR COMSTOCK: All right. Thank you.

MR. WILLIAMS: We have our complete audit organization.

GOVERNOR HORNER: The responsibility, Mr. Williams, of continuing relief in the respective states is on the governor and the committee he appoints, is that correct?

MR. WILLIAMS: Within the general structure of the policies of the Federal Emergency Relief as far as our funds are concerned.

GOVERNOR HORNER: Your policies are general policies and the right to audit.

MR. WILLIAMS: No.

GOVERNOR HORNER: How far do they go? How far is the Governor, as Governor Comstock describes, responsible to the Federal Government in setting out the policy of President Roosevelt that would come to each state in the administration and the conduct of its relief? How far do those policies go?

MR. WILLIAMS: We have set the rules and regulations. For example, one of the first rules is, they must be by publication. The next is they must be able to dispense them and determine the eligibility. And the work to be done by men trained for that work. We had a pretty definite statement there that a certain percentage of the personnel must be trained in social work in the actual dispensation and then we do not permit funds to be spent for certain purposes such as hospital care,—

GOVERNOR McNUTT: Mr. Williams, the stenographer cannot hear you.

MR. WILLIAMS: Such matter of having relief at a level which is below what the people can actually live on, we will not permit our funds to be used in connection with the funds used on that level. In other words, we say the wage should be similar to the wage paid for that work in the community. As far as the President is concerned of whom we are the agents, then, you get a stewardship of mind in that state which is also executive, which you hand on to some one else. Now in the administration of the work in any state, you and your agents and our agents must get a meeting of minds that that money is being expended according to general standards set up by Hopkins following his appointment.

GOVERNOR HORNER: Is that the meeting of minds or the meeting of the Federal minds?

MR. WILLIAMS: Well, it probably in some cases is only the meeting of the Federal minds. There are four things laid down in the act. First, they shall meet, second that they shall keep their counsel, third, have broad standards of relief and fourth, that it is supplementary.

I would say this, Governor, that in the carrying out of the Federal responsibility that it probably has seen the time we have been a bit arbitrary. I think possibly that was inevitable.

GOVERNOR HORNER: What about these states that think they are competent to conduct their own affairs? Don't misunderstand me. There has been perfect harmony between the state administration and your department.

MR. WILLIAMS: Yes.

GOVERNOR HORNER: We have a commission of the best men in the state attainable.

MR. WILLIAMS: A fine director.

GOVERNOR HORNER: Yes, we got a fine President too. We have no criticism to that effect. But my inclination is, my tendency is to direct the entire expenditure, including state and Federal funds without interference, without the executive aid of the state.

MR. WILLIAMS: You mean our tendency?

GOVERNOR HORNER: Well, well, your department's tendency.

MR. WILLIAMS: I see.

GOVERNOR HORNER: Now I have been relieved of a good deal of care by the personnel of my relief commission. All I do is to receive complaints by the many, many thousands. And I feel it my duty to have those complaints investigated, some are justified, the majority are not justified. But, for instance, the tendency is developed in our state while the number of families requiring care is reducing the number of employees are increasing.

MR. WILLIAMS: You mean the administration?

GOVERNOR HORNER: Administration, of course. I want to know just how far the Federal Government department expects to retard me in what I think is the most important thing for the states realizing the money comes from the Federal Government as much as the money comes from the taxpayer.

MR. WILLIAMS: Certainly, we don't want to be put in the position of having unnecessary expense. On the other hand you don't want to put yourself in the position of holding rigidly to some things that you feel you know you like to see developed. I have no doubt but what

Mr. Horner, you and the Commission would be able to get together on this and I think it must be fairly said and can be fairly said that this Administration has worked upon the fundamental idea of decentralized handling of these problems. An awful lot of stuff goes out of Washington, I don't deny.

GOVERNOR COMSTOCK: You know what is going on?

MR. WILLIAMS: It is our business to. You would not want it otherwise. Our responsibility according to our understanding and certainly I know the attitude of the President is that we are still responsible as to how those funds are spent. As a matter of fact, I think the Attorney General has handled most of the cases and strictly and legally speaking they go over to the state and made available unto you.

GOVERNOR HORNER: You are answerable for them.

GOVERNOR CROSS: Yes, handling in the state, are they not?

GOVERNOR HORNER: Each governor is responsible for the proper distribution.

MR. WILLIAMS: Yes, when the governor does not conduct the expenditure of funds according to the way we feel he should, we don't grant any further funds.

GOVERNOR WILSON: Until this recent audit was made the state had nothing to say except recommend.

MR. WILLIAMS: We have had the field representative, Governor, and they get the meeting of the minds. We feel, in fairness to us, no governor should appoint an administrator or a state board without the approval of the Federal Emergency Relief.

GOVERNOR HORNER: In the C.W.A., we recognize that.

GOVERNOR McNUTT: We recognized it all the way along.

GOVERNOR HORNER: Everybody in my department is bound as a Federal Employee.

MR. WILLIAMS: The responsibility as far as Congress is concerned rests upon our Administration. We have that responsibility and you have the responsibility on your end. I don't think any governor has any right

to go ahead and appoint people to run that without the approval of Mr. Hopkins.

GOVERNOR HORNER: I disagree with you on that.

MR. WILLIAMS: I think the governor should have a meeting of the minds with Hopkins before he appoints the men to administer the funds.

GOVERNOR HORNER: Entirely disagree.

MR. WILLIAMS: That is one thing we insisted upon. You remember the good-will things, tried to stress it down there; we never considered it, that it was, it was never considered in Washington.

GOVERNOR ELY: What do you mean by State Relief Commission?

MR. WILLIAMS: The commission the governor appoints. F. E. R. A.

GOVERNOR ELY: I don't recall Massachusetts has any F. E. R. A. State Commission.

MR. WILLIAMS: We don't have it that way in Massachusetts.

GOVERNOR ELY: Yes, I know that. Why do you have it different in Massachusetts than you do in other states?

MR. WILLIAMS: That is a matter between Massachusetts and the Federal Relief Administration.

GOVERNOR ELY: It is not any matter in which Massachusetts has taken any position at all. It is not a matter between the Federal Government and the state government so far as I know.

MR. WILLIAMS: Well, it would have to be in connection with the Federal Emergency Relief whether you have any say about it or not. You were at any rate administering Federal funds but not administering them now but must have been.

GOVERNOR ELY: It wasn't done, that would indicate action, both parties participating.

MR. WILLIAMS: Did at any rate.

GOVERNOR ELY: Never did.

MR. WILLIAMS: We sent the money to you on your application.

GOVERNOR ELY: You sent the money? We made application. Where the money went, we don't know.

MR. WILLIAMS: We sent it to you, supposed to be sent out by you to the county.

GOVERNOR ELY: Under the F. E. R. A., no money has come to us.

MR. WILLIAMS: It came to your finance board.

GOVERNOR ELY: Not under the F. E. R. A. Not a cent.

MR. WILLIAMS: I just sent thirteen hundred thousand, two months ago.

GOVERNOR ELY: That was an entirely different proposition. That was money we had let you have and we finally got it back.

MR. WILLIAMS: You mean loaned it to us?

GOVERNOR ELY: That was money that was advanced under the C. W. A., so that you could make your pay-rolls last Tuesday.

MR. WILLIAMS: That is a particular situation of the State of Massachusetts. It has no connection with other states.

GOVERNOR ELY: I want you to understand you talked about the cooperation of the F. E. R. A., where the cooperation was. We haven't had any.

MR. WILLIAMS: We are putting about \$4,000,000 in there.

GOVERNOR ELY: You are putting it in, where is it going to? No one connected with the state knows where it is going.

MR. WILLIAMS: Suppose we can find out.

GOVERNOR ELY: You may know.

GOVERNOR COMSTOCK: I think the governors pretty generally are all thinking about it, realizing of course it cannot come immediately.

MR. WILLIAMS: Now you cannot chop off the relief the way you would chop off C. W. A. Here is Massachusetts according to your own statement sent four times as much money to the Government as they are getting back from this whole relief program. Supposing Massachusetts, using that for an example was in a position

to take over its whole load. In other words the emergency is over and he wants to get out from under; they have discussed down there the possibility of crediting them back to something, for something they ought to have, or is Massachusetts going to have to keep on paying whether they pay anything or not.

GOVERNOR ELY: I will answer that question. We pay anyway.

MR. WILLIAMS: No, I don't know whether there is anybody in Congress, I don't know whether that is a matter Congress would act on. I still think in terms of levying taxes regardless of how they fall.

GOVERNOR HORNER: Of course all of these questions,—impress upon you and your department that the governors have a responsibility. There is a lot of complaint and a lot of criticisms and of course the governor is elected for that purpose.

MR. WILLIAMS: Yes, I know.

GOVERNOR HORNER: But we have a responsibility. With that responsibility must come a large number of controls of the contacts of the administration. But through this competent agency, the Relief commission and the relief boards. I think these questions were in the main asked to impress upon you the recognition of that very serious responsibility which each governor takes with a good deal of concern. I will ask you two questions. One is going to be very difficult to answer if you can answer it and the other is this: You have brought to your attention the tendency in some quarters, we have in localities of our state the men who can get only one or two days work a week by reason of the spread of employment, preferred to stay off the payrolls, to be on the relief roll because it has been a job one or two days. You have much of that in the country?

MR. WILLIAMS: We have been having that situation, Governor. We had it in the beet fields where they pay the people less than nothing to live and they would not go out to get more on our minimum standards of relief, which God knows was starvation. Yes, I think you are up against a real dilemma there but I don't want to discourage people from not taking this employment and yet at the same time you are up against the proposition of subsidizing industry, while in that particular instance you point out it would not immediately lead to that. For instance the taxations of the South, they let you support a negro during a period they don't need him

and they may take him out. We have found we have had to force the issue, we have had to say we will take the negroes, you have got to support him for the whole year.

GOVERNOR HORNER: The situation has been brought to your attention.

MR. WILLIAMS: Oh, yes, in your particular state the Commission working on it right now trying to get an exception made to the Code. That ought to help out a little, that N. R. A. Code.

GOVERNOR HORNER: In that particular industry.

MR. WILLIAMS: Yes.

GOVERNOR HORNER: Now, another question. Whither are we bound on the subject of relief? Is there anything arising that you are able to discern how long this relief will continue? Any of the state legislatures will meet soon will have presented to their legislatures,— How long are we going to anticipate that relief must be provided.

MR. WILLIAMS: Well, anybody's answer I suppose is as good as anybody else's.

GOVERNOR HORNER: I wondered if you had come to any conclusion.

MR. WILLIAMS: We figure this way. We tried to prolong the situation as best we could until the next Congress meets and we went down during July and August to around 4 million and in August three million five, and in September, three million; and then we went up, until we got back up to 4 million five in February. Now, unless some unforeseen development in industry occurs, that will probably take place. On the other hand if nothing occurs, then you will probably see the thing repeated, because you get a greater number out of work for those that get jobs; that is, in spite of the fact that we got three million five hundred thousand actually put to work. And I think that way myself, just as an opinion. And as I say anyone's opinion is as good as anyone else's, that we probably got another twelve months comparable to the present time on his hands, and any public official will figure on that, that Congress will probably have to meet and handle immediately another appropriation for this as quick as it meets in January.

One thing I did not touch today which is I suppose the most serious situation and that is the drought. The

drought has increased 300% since Congress adjourned, now has 64% of all farming land in America consigned as drought area. We have approximately 10,000,000 people who live in emergency areas and we have 15,000,000 who live in secondary drought areas. We have allotted already \$39,000,000 and we get reports constantly in the southwest section in Kansas and South Dakota that is just buying cattle and is giving them a little something for people to live on. The people are being ruined and losing their cattle and I don't know, that is another factor in this,—

GOVERNOR McNUTT: More that just losing their land. It is just blowing it away.

MR. WILLIAMS: 62% of all the land in America is now known by the Department of Agriculture as the drought area.

GOVERNOR HORNER: Of course they were very liberal.

MR. WILLIAMS: I think they were extremely liberal in Illinois but it has burned up certain areas.

GOVERNOR HORNER. That was done in Illinois for this purpose; many men asking for it and it was,—we saw to it that only those people that needed it actually got it. You have been very fair with us.

MR. WILLIAMS: That is another factor that we got ahead of us.

GOVERNOR HORNER: You have absolutely no hard and fast rules in the administration as between your administration and the states.

MR. WILLIAMS: I would think probably that is true. I think those states don't pay very much generally * * * * so we are not paying very much, all we want to see is that legally we discharge our responsibility.

GOVERNOR WINANT: Mr. Williams, is there any possibility of the Works Program, some supplement of the Civil Works being attempted with the present money we have in the Treasury?

MR. WILLIAMS: I have no information anything like that is going to be done. I have this fundamental conviction it is going to be evident that the American People are not going to go through another winter on the direct relief dole.

GOVERNOR WINANT: That is so.

MR. WILLIAMS: That is just,—

GOVERNOR WINANT: That is so. The criticisms, the fundamental criticisms of the Civil Works,—in my state, it has to do with the fact that the out-door work carried on in the mid-winter necessarily created an enormous,—

MR. WILLIAMS: A hardship.

GOVERNOR WINANT: A great hardship to the individual.

MR. WILLIAMS: Yes.

GOVERNOR WINANT: If there was a works program it should come at the time of the year when people could have accomplished more with less suffering.

MR. WILLIAMS: How do you feel, Governor, about tying up counties either before or after for the people on relief?

GOVERNOR WINANT: I cannot approve it.

MR. WILLIAMS: They did that in three or four states. They did it in Montana and got into an awful jam. Well, the people took the position it was given in relief and they did not have to work for it. It raises an awful difficult problem. The thing was done in South Dakota two years ago. Always seems to be a pretty sound thing. People work out a \$100 in one month and then they were told that is a \$100 you will have to get along there and they did get along. They did get work and they were satisfied to think,—

GOVERNOR WINANT: We did that before the Federal Relief came in.

MR. WILLIAMS: It is certainly worth considering, Governor.

GOVERNOR ELY: Where are you going to find any work?

MR. WILLIAMS: That is the difficult side to it. We go in to do something even for our cities, building some houses, plenty work to be done, don't you agree to that?

GOVERNOR ELY: Well, take the housing. We had a good many housing propositions drawn up and sent over to Washington but none of them considered, and perhaps they shouldn't be;—I don't know.

MR. WILLIAMS: If you put your hand into it or really did something about it, plenty work to be done.

GOVERNOR ELY: Well, is there, Mr. Williams? When you come down to it, any worth while work? We had this proposition in Washington for over a year.

MR. WILLIAMS: I think there is a real justifiable kick on that whole breakdown; there is no denial.

(Whereupon a discussion ensued between Governor Winant and Governor Horner which was not audible to this reporter to any extent.)

(A GOVERNOR): Mr. Chairman, I move that we go into executive session at this time.

GOVERNOR WINANT: Gentlemen, a motion has been put that we go into executive session, is that motion seconded?

(A GOVERNOR): Motion seconded.

(Whereupon the motion was put by the chairman and was carried.)

GOVERNOR WINANT: I will call to order a meeting of the executive committee. I understand that Governor Cross has a resolution which he would like to present at this time.

GOVERNOR McNUTT: He is Chairman of the Resolutions Committee appointed yesterday.

GOVERNOR CROSS: Governor Winant and fellow Governors: There was a telegram received this morning from Governor Pinchot handed to the secretary and the secretary handed it to me as chairman of the Resolutions Committee. Since then I have had a brief conversation with Governor Pinchot over the telephone which deals with the recommendation of the policy to the Federal Government. I told Governor Pinchot that a resolution of this kind would be out of order in my opinion because it has always been, as far as I know, the policy of the Governors' Conference not to recommend a policy to different states or to the Federal Government. The subject came up during the meeting last year and it was pretty thoroughly thrashed out, and that was the conclusion. I mention this to you, I have the telegram here and if any of you want me to read it, I will read it. But it is certainly if we follow precedent, out of order.

GOVERNOR WINANT: Does anybody disagree with the findings of the Chairman of our Resolutions Committee? If not, we will accept his judgment in the matter. Is there any other business?

GOVERNOR CROSS: Yes, I have two other. The Committee on resolutions begs leave to report the following resolution and moves its adoption: A year ago our Conference was held in California and was graced by the unforgettable charm of Governor James Rolfe, Jr.; standing with him and bound to him by ties of the closest and most intimate friendship was the rugged, virile Governor of neighboring Nevada, Fred B. Balzar. Just as their two states touched along a friendly border, these men were bound together by hoops of steel. So strong and well they looked, so vividly they left their impress that it is difficult to realize that before a year had joined the eternity of time these friends were destined to journey through the Golden Gate of that Far Country where golden houses are. We cherish their memory and pay them the tribute of enduring admiration and affection. So long as we live they will live in our hearts. Their virtues are inscribed on our tablets of love and memory. Their achievements and their service to the Governors' Conference will be preserved as an honorable part of our recorded history. To California and to Nevada, to the families and friends of James Rolfe, Jr., and of Fred B. Balzar, we extend our deepest sympathy. To each of our departed brothers we say, "Ave atque vale! Hail and farewell." This is the resolution which we offer.

GOVERNOR McNUTT: Second it.

GOVERNOR WINANT: Gentlemen, you heard the resolution which has been seconded. Someone going to move it be unanimously adopted?

GOVERNOR McNUTT: I so move.

(Unanimously carried).

GOVERNOR CROSS: I have one more resolution. The Committee on Resolutions begs leave to report the following resolution and moves its adoption. For the second time the Governors' Conference has met at old Fort Mackinac, on "The Hill of History." This year we are the grateful guests of Governor William A. Comstock. To him and to the people of his great State of Michigan we extend our thanks and our appreciation. We thank the Owner of the Grand Hotel, William S. Woodfill, and his loyal associates who have done so much for our comfort and enjoyment. This generous entertainment and gracious hospitality have been extended amid scenes of surpassing beauty. We shall carry away with us the majestic inspiration of lovely lakes and noble forests and enduring memories of a successful Conference.

GOVERNOR McNUTT: I move the unanimous adoption of the resolution.

(The motion was seconded and unanimously carried).

GOVERNOR WINANT: Any other business, gentlemen?

GOVERNOR HARDEE: Election of an executive committee composed of five members. There are three members of the executive committee here now. There was one vacancy on account of the death of Governor James Rolfe of California and Governor White of Ohio whose term of office will expire before the next meeting.

GOVERNOR WINANT: I beg to correct your statement. Because my term of office will have expired before the next meeting.

GOVERNOR HARDEE: I stand corrected. I didn't know that.

GOVERNOR CONNER: I would like to name Governor Horner of Illinois. He needs no speech of recommendation from me.

GOVERNOR WINANT: Governor Horner of Illinois, —would it be well to elect, * * * *

GOVERNOR CROSS: Mr. Chairman, I should like to nominate Governor McNutt.

(A VOICE): Second the nomination.

GOVERNOR McNUTT: Mr. Chairman, I should like to nominate Governor Conner.

(A VOICE): I second that nomination.

GOVERNOR WINANT: Does that complete it? You are all nominated. Still two further nominations.

GOVERNOR BLACKWOOD: Do I understand Governor Winant is a member at this time?

GOVERNOR McNUTT: He is.

GOVERNOR BLACKWOOD: You are still, Governor.

GOVERNOR WINANT: Oh, yes, but I will not be here for the next meeting.

GOVERNOR HARDEE: Gentlemen, far be it from me to suggest anything but I sometimes feel I must say something that we sometimes lose a little sight of. In this election of the executive committee, it has always

been the policy of the Conference to give some little regard, not so much perhaps, but we have recognized as long as the years have come and have gone, we have two major political parties and this being a purely non-partisan organization, we have usually selected three and two; that is about the way we have been running. I have no suggestions whatever to make, no nominations to make, nothing to whisper to anybody or anything of the sort but I just pass that information along to you.

GOVERNOR McNUTT: Mr. Chairman, I nominate Governor Landon of Kansas.

GOVERNOR HORNER: Read the names of the ones who are members.

GOVERNOR WINANT: Pardon me, Governor.

GOVERNOR HORNER: The personnel, members of the executive committee.

GOVERNOR WINANT: (Reading.) Governor McNutt, Governor Conner, Governor Winant and Governor White of Ohio.

GOVERNOR McNUTT: One vacancy by the death of Governor Rolfe.

GOVERNOR HARDEE: Governor Rolfe was a member.

GOVERNOR WINANT: I will resign as soon as I am supposed to. All in favor of the nominations, please say "aye". (Unanimously carried.)

GOVERNOR WINANT: So ordered.

GOVERNOR HARDEE: I know of no further business for the Conference, Mr. Chairman, but I figure it would be well for the executive committee to meet immediately following your adjournment because they have the selection of their officials and such business as they may care to take up including the state assessments of how much each state should contribute to the expenses of the Conference.

GOVERNOR WILSON: In accumulating funds in the treasury of the Conference and reports that have been filed, while there are certain bills that have been proved since I came here amounting to some few hundred dollars, \$5900 in the treasury, and I am wondering if any need of an assistant this next year.

GOVERNOR PARK: Suggest we declare a dividend.

GOVERNOR HARDEE: We are in this attitude regarding finances. The fund is now practically what it was when I was asked in 1925, following my retirement from office down in Florida to continue as secretary. We had at that time more than five or six thousand dollars which is, just the exact amount, I don't remember,—each state at that time was assessed \$250 but we were not receiving as numerous payments as we are now. I suggested to the Conference following my election that we reduce the expense. I thought that \$125 a month which was just half of what was done, of what it was then, was sufficient for the secretary and we have gotten along very nicely and we have had just a slight accumulation of funds until it is now what the treasurer's report shows, you say, Governor, between five and six thousand dollars now? I have not read your report.

GOVERNOR WILSON: \$5900 to date.

GOVERNOR HARDEE: The normal expenses is around between \$3000 and \$3500. You have allowed \$50 a month for stenographic hire, ordinarily, you have in the past been paying the expenses of the executive committee in attending meetings frequently; however, the governors don't send in a bill but it has generally been paid. And then the most considerable item of expense is publication of your minutes in book form and their distribution. Apart from those things, other than those incidentals there is no expense except, I might say, some rather considerable items sometimes for a reporter. We don't put that on the state where we meet, the Conference itself pays that. Since \$3500 roughly will about carry the Conference a year. We have, however, found a great many states don't pay. I say a great many. That is not just what I should say but some dozen we will say average, don't pay the assessment. The governors forget it. I hesitate about constantly calling it to their minds and then frequently it occurs to the governor who has just come in office that inasmuch as he is not attending the conference that there is no obligation on him to pay his state dues. As delicately as I can in those cases, I suggest that the expenses of the Conference go on whether he attends that year's session or not. But it doesn't always go over. Now I haven't got any suggestions to make as to whether you shall waive the dues or not. That is purely a matter for you governors to decide whether or not it would be a good policy and whether or not it might assist in the future to cease our payment is a problem for you to consider. As it is you have a little more than a year now, a little more on hand now than to run one year.

GOVERNOR CROSS: You can consider \$100 instead of \$125.

GOVERNOR HARDEE: You pay \$100,—

GOVERNOR McNUTT: I move the dues be continued at \$100.

(A GOVERNOR): Second the motion.

GOVERNOR WINANT: Any discussion? Those in favor say "aye". Ayes have it. Motion is carried. Any other business?

GOVERNOR COMSTOCK: I have an announcement which I would like to make Governor Winant. It seems as though I am always making announcements. The Governors' dinner will be tonight as you all know. The line will form at what they call the bridge, that is the entrance to the dining room, that long hall, this end of it, at 7:20. Please try to be as prompt as possible because we have a Nation-wide hookup on the radio, from the dining room starting at 9:15 and in order to hook right into it right with the program. At the head table will be the governors and their wives. Ex-governors and the representatives of the governors and their wives, you will find your placards there when you go in. Due to the difficulty of handling these situations, I have, the Committee and myself tried something a little different tonight, I think, than you have been having. This broadcast will be in the form of an introduction of the Governors and the Ex-governors and representatives by the Toastmaster, James Schermerhorn, former editor of the "Detroit Times", before it had the misfortune to get into Mr. Hearst's hands. (Laughter). And the toastmaster is as you know a nationally known after-dinner speaker and I told him that he can go as far as he likes and I don't know what you are going to get; I don't know what I am going to get myself but please don't be surprised at anything. Beside that, aside from a solo to start with and the invocation and a solo by one of our operatic baritones to end the meeting, there will be no speaking and we should be able to get to our other various interests, namely dancing, or what we will by 10:30. I hope it meets the approval of the assembled governors. I think that's all.

GOVERNOR WINANT: Gentlemen, if there is no more business, a motion to adjourn will be in order.

(A motion to adjourn was made, seconded and carried whereupon the Conference was adjourned at 6:00 P. M.)

MEETING OF EXECUTIVE COMMITTEE

Immediately following the adjournment of the Convention of the Governors' Conference, the newly elected Executive Committee met in Executive Session on the afternoon of the 28th day of July, 1934.

Present: Governor Paul V. McNutt, Chairman,
Indiana

Governor Henry Horner, Illinois

Governor John G. Winant, New Hampshire

Governor Sennett Conner, Mississippi

On meeting, Governor Paul V. McNutt of Indiana was elected Chairman of the Executive Committee. Governor Stanley C. Wilson, of Vermont, present Treasurer, was re-elected. Former Governor Cary A. Hardee was re-elected Secretary, with salary and compensation to remain the same as the preceding year.

On motion the sum of \$100.00 was fixed as the yearly dues for each State of the Union.

The question of selecting a meeting place for next year for the Convention of the Governors' Conference was discussed by members of the Executive Committee. The invitation of Governor Conner, of Mississippi, to hold the 1935 Convention at Biloxi, Mississippi, was accepted. The date for such Convention was left open for determination at a future meeting of the Committee, to be called by the Chairman.

TREASURER'S REPORT

STANLEY C. WILSON, Treasurer

In Account with Governors' Conference

		Dr.
1933		
July 13.	Amount on checking account at Hartford Savings Bank & Trust Co., at time Treasurer's Account submitted to Governors' Conference and approved -----	\$5751.47
20.	Cary A. Hardee, Secretary, New Hampshire dues -----	100.00
Aug. 30.	Cary A. Hardee, Secretary—	
	Indiana dues -----	\$100.00
	Oklahoma dues -----	100.00
	Nebraska dues -----	100.00
	Nevada dues -----	100.00
	Montana dues -----	100.00
	Utah dues -----	100.00
	Virginia dues -----	100.00
	Washington dues -----	100.00
		800.00
1934		
April 5.	Cary A. Hardee, Secretary—	
	California dues -----	100.00
July 5.	Cary A. Hardee, Secretary—	
	Alabama dues -----	\$100.00
	Connecticut dues -----	100.00
	Delaware dues -----	100.00
	Illinois dues -----	100.00
	Kansas dues -----	100.00
	Maryland dues -----	100.00
	Massachusetts dues -----	100.00
	Missouri dues -----	100.00
	Pennsylvania dues -----	100.00
	Rhode Island dues -----	100.00
	Vermont dues -----	100.00
	Wyoming dues -----	100.00
		1200.00
19.	Cary A Hardee, Secretary—	
	Nevada dues -----	\$100.00
	Georgia dues -----	100.00
	Mississippi dues -----	100.00
	Florida dues -----	100.00
	Indiana dues -----	100.00
	Iowa dues -----	100.00
	North Carolina dues -----	100.00
	New Hampshire dues -----	100.00
		800.00
	TOTAL RECEIPTS -----	\$8751.47

STANLEY C. WILSON, Treasurer

In Account with Governors' Conference

		Cr.
1933		
July 18.	Hartford Savings Bank & Trust Co., Exchange on:	
	Minnesota check -----	\$0.25
	Kansas check -----	0.25

	Iowa check -----	0.15		
	Illinois check -----	0.15		
	Idaho check -----	0.25	(V 1)	\$ 1.05
Aug. 18.	Stanley C. Wilson, expense as Treasurer -----		(V 2)	30.60
Sept. 5.	F. Ray Keyser, Ag't, Premium on Bond -----		(V 3)	12.50
	5. Hartford Savings Bank & Trust Co., Exchange on:			
	Oklahoma check -----	\$0.25		
	Nebraska check -----	0.25		
	Indiana check -----	0.15		
	Washington check -----	0.25		
	Utah check -----	0.25		
	Nevada check -----	0.25		
	Montana check -----	0.25	(V 4)	1.65
	14. Hartford Savings Bank & Tr. Co., Rev. tax on ck. -----		(V 5)	0.02
Oct. 4.	Hart & Hart, Reporting Governors' Conference -----		(V 6)	248.77
	4. Suwannee Democrat, 200 programs, Governors' Conference -----		(V 7)	30.00
	18. Cary A. Hardee, Sec'y, quarterly exp. & salary -----		(V 8)	842.80
	18. Suwannee Democrat, printing Gover- nors' Conference Reports -----		(V 9)	532.00
	20. Hartford Savings Bank & Tr. Co., rev. tax on ck. -----		(V 10)	0.02
Nov. 7.	Hartford Sav's Bank & Tr. Co., rev. tax on cks. -----		(V 11)	0.08
	9. Geo. D. Barnard Stationery Co., printing stationery -----		(V 12)	29.60
	29. Cary A. Hardee, Sec'y, quarterly exp. & salary -----		(V 13)	570.14
Dec. 9.	Hartford Sav's Bank & Tr. Co., rev. tax on ck. -----		(V 14)	0.02
1934				
Feb. 9.	Hartford Sav's Bank & Trust Co., rev. tax on ck. -----		(V 15)	0.02
Mar. 30.	Cary A. Hardee, Sec'y, quarterly exp. & salary -----		(V 16)	550.80
June 1.	Hartford Sav's Bank & Tr. Co., rev. tax on ck. -----		(V 17)	0.02
July 11.	Hartford Sav's Bank & Tr. Co., Exchange on:			
	Missouri check -----	\$0.15		
	Kansas check -----	0.25		
	Wyoming check -----	0.25		
	Illinois check -----	0.15		
	Alabama check -----	0.25	(V 18)	1.05
TOTAL EXPENDITURES -----				\$2851.14

STANLEY C. WILSON, Treasurer
In Account with Governors' Conference

SUMMARY

Total Receipts -----	\$8,751.47
Total Expenditures -----	2,851.14
	\$5,900.33
Amount in Hartford Savings Bank and Trust Company checking account, White River Junction, Vermont (See attached certified statement). -----	\$5,900.33
We find above report to be correct.	

GUY B. PARK, Chairman
HENRY HORNER,
Auditing Committee.

SOCIAL ENTERTAINMENT

The Convention of the Governors' Conference this year was most delightfully entertained by Governor William A. Comstock, of Michigan, at the Grand Hotel, Mackinac Island, Michigan. This is a most delightful hostelry and its Owner-Manager, Mr. W. S. Woodfill, was most gracious in looking after the comforts and pleasure of the Governors and members of their parties present.

Governor Comstock and Mrs. Comstock were very gracious hosts indeed.

Mackinac Island is rich in historical background. As a summer resort its climate is ideal. No more delightful place could be found for a session of the Convention.

The attendance was not large. It was rather limited, in comparison to the attendance of the Governors' Conference meeting last year.

We are in a rather perilous time and suffering may be the "growing pains" of what we hope is recovery from the depression which has for years afflicted not only our own Country but all of the Countries of the world. Internal disturbance, the age old conflict between labor and industry, between employer and employees manifested itself in a great many of the States through strikes, making it very necessary for many of the Governors to remain home and many of whom were forced to cancel their reservations at the last moment.

The program was of unusual interest. It had to do with live, current problems in which all of the Governors had a mutual interest.

We were delighted to have some officials of the Federal Government lead much of the discussion. Mr. John B. Keenan, Assistant Attorney General, discussed the subject of "Crime" and the necessary cooperation of the States in its suppression.

Mr. Joseph H. Choate, Jr. Chairman Federal Alcohol Control Administration, discussed the problem of "Liquor Regulation" and the best means of handling intoxicating liquors in the various States.

Mr. Aubrey Williams, Assistant Federal Relief Administrator, led the discussion on the subject of "Federal Emergency Relief."

These and other subjects were discussed by the Governors present and the round table discussions of the same were interesting and helpful.

Following the adjournment of the Conference on the afternoon of July 28th, the Governors and their parties accompanying them, were delightfully entertained by a ride through the Northern Peninsula of Michigan to Sault Ste. Marie, where they had the experience of passing through the Great Locks and were given a most delightful Luncheon by the Chambers of Commerce of Sault Ste. Marie of Michigan and of Canada. The two Trade bodies joined in the entertainment. Canadian Officials were present and spoke gracious words regarding the relationship, the comity and good will between the Peoples of our respective Countries. Same was responded to by the Governors present.

Following the Luncheon we were honored by the Federal Government in having provided one of the large boats of the Revenue Service for an evening sail around the Straits to Mackinac Island.

The Governors returned to their respective homes feeling that they had the privilege of attending one of the best Conventions in the history of the Conference.

Kansas City Public Library



Presented to the Library by

Mr. C. A. Hardee

UNIVERSAL
LIBRARY



126 676

UNIVERSAL
LIBRARY